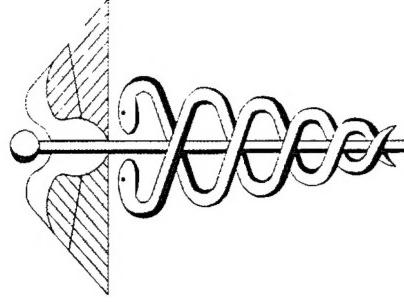
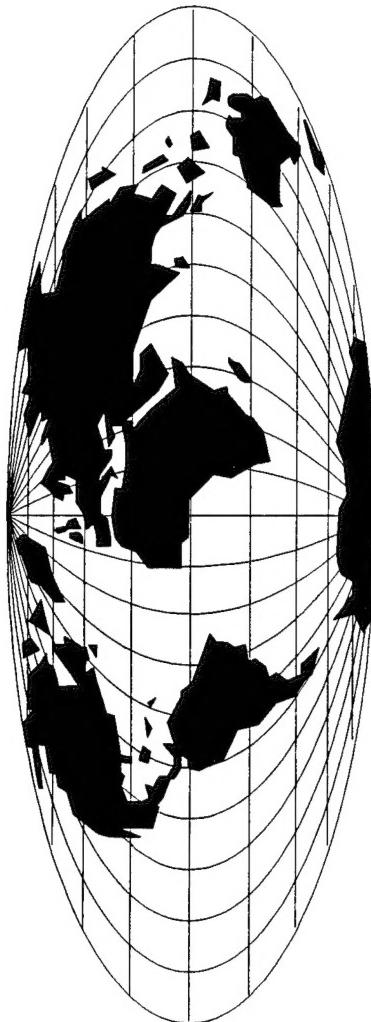
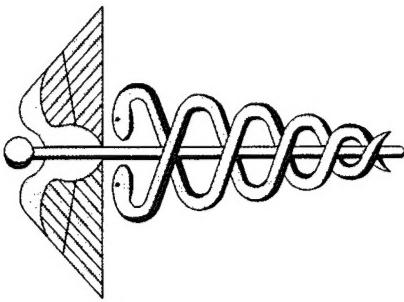


DEFENSE HEALTH PROGRAM



Justification of O&M Estimates

Fiscal Year 1998/1999
Volume 1

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**DEFENSE HEALTH PROGRAM, VOLUME I
JUSTIFICATION OF O&M ESTIMATES
FY 1998/1999 BIENNIAL BUDGET ESTIMATES**

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**DEFENSE HEALTH PROGRAM, VOLUME I
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Defense Health Program Appropriation
FY 1998-99 Biennial Budget Estimates
Summary of Requirements by Program Decision Unit
Budget Activity and Activity Group
(\\$000s)

<u>Defense Health Program</u>	<u>FY 1996 Actuals</u>	<u>FY 1997 Estimate</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>
Direct Patient Care	3,412,121	3,445,852	3,419,562	3,307,487
Patient Care Support	1,357,504	1,190,212	1,179,322	1,241,086
CHAMPUS	3,364,957	3,542,741	3,638,562	3,069,323
Care in Non-Defense Facilities	441,487	456,103	470,703	490,239
Education and Training	221,800	223,343	249,172	266,496
Base Operations	1,009,622	1,013,846	1,031,947	1,090,050
USUHS	60,145	70,450	51,314	<u>32,168</u>
Offset			-274,000	
Subtotal	9,867,636	9,942,547	9,766,582	9,496,849
Procurement	<u>286,597</u>	<u>269,470</u>	<u>274,068</u>	<u>246,133</u>
Total	10,154,233	10,212,017	10,040,650	9,742,982

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Direct Hire Personnel, Summary

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Total number of full-time permanent positions (FTEs)	39,157	39,268	37,592	35,834
Total compensable FTEs:				
Full-time equivalent employment				
U.S. Direct Hires	42,148	41,736	39,863	38,113
Foreign Nationals	863	527	519	516
Total Direct Hires	<u>43,011</u>	<u>42,263</u>	<u>40,382</u>	<u>38,629</u>
Total Full-time equivalent employment	<u>43,011</u>	<u>42,263</u>	<u>40,382</u>	<u>38,629</u>
Full-time equivalent of overtime and holiday hours (Workyears)				
Average FTE salary	\$31,428	\$32,202	\$32,965	\$33,592
Average GM salary	0	0	0	0
Average GS salary	\$31,867	\$32,618	\$33,400	\$34,074
Average salary of ungraded positions				

Data reflects direct and reimbursable civilian personnel.

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Direct Hire Civilian Employment

Detail by Budget Activity	FY 1996				FY 1997				FY 1998				FY 1999			
	End Work		Years		End Work		Years		End Work		Years		End Work		Years	
	Strength	\$000)	Strength	\$000)												
Budget Activity 4																
Full-time Permanent	39,400	39,157	\$1,230,632		38,563	39,268	\$1,264,505		36,945	37,592	\$1,239,207		35,503	35,834	\$1,203,730	
Other	4,095	3,834	\$121,124		3,010	2,995	\$96,445		2,801	2,790	\$91,971		2,702	2,795	\$93,889	
Total Direct Hire	43,495	43,011	\$1,351,756		41,573	42,263	\$1,360,950		39,746	40,382	\$1,331,178		38,205	38,629	\$1,297,619	
Foreign National Separation Liability	0	0	\$1,116		0	0	\$413		0	0	\$403		0	0	\$389	
Severance Pay/Unemployment Compensation	0	0	\$25,067		0	0	\$17,153		0	0	\$13,764		0	0	\$14,300	
Total	43,495	43,011	\$1,377,939		41,573	42,263	\$1,378,516		39,746	40,382	\$1,345,345		38,205	38,629	\$1,312,308	
Reimbursable Data Included Above	\$18	566	\$19,096		679	660	\$20,018		546	503	\$14,662		524	597	\$19,457	

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Indirect Hire Civilian Employment

Detail by Budget Activity	FY 1996			FY 1997			FY 1998			FY 1999		
	End Strength	Work Years	\$ (000)	End Strength	Work Years	\$ (000)	End Strength	Work Years	\$ (000)	End Strength	Work Years	\$ (000)
Budget Activity 4												
Indirect Hire Foreign National	1,538	1,560	\$48,641	1,794	1,813	\$65,348	1,792	1,788	\$66,079	1,790	1,785	\$67,325
Foreign National Separation Liability	0	0	\$186	0	0	\$177	0	0	\$179	0	0	\$181
Total Indirect Hire	1,538	1,560	\$48,827	1,794	1,813	\$65,525	1,792	1,788	\$66,258	1,790	1,785	\$67,506
Reimbursable Data Included Above	44	46	\$705	44	44	731	44	44	\$752	44	44	\$767

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

I. Description of Operations Financed: The Department of Defense (DoD) has two interwoven medical missions: (a) to provide, and be ready to provide, medical services and support to the armed forces during military operations, and (b) to provide medical services and support to members of the armed forces, their dependents, and other beneficiaries entitled to DoD health care. The Defense Health Program (DHP) appropriation funding provides support for worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, specialized services for the training of medical personnel, and occupational and industrial health care. Included are the costs associated with the Civilian Health and Medical Program of the Uniform Services (CHAMPUS) which provides for the health care of eligible active duty dependents, retired members and their dependents, and the eligible surviving dependents of deceased active duty and retired members. The DHP provides funding for acquisition of capital expense equipment in support of military medical treatment facilities, training facilities, and programs.

The remaining portion of the DHP appropriation funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded or altered health care facilities being constructed under major military construction programs; equipment for modernization and replacement of worn-out, obsolete, or economically reparable items; equipment in support of CHAMPUS and medical treatment facility information processing requirements; and equipment supporting programs such as pollution control, clinical investigation, and occupational/environmental health.

All of these activities are under the direction and control of the Assistant Secretary of Defense (Health Affairs) (ASD(HA)). The ASD(HA), as the DoD officer responsible for the effective execution of the Department's mission, works through the Secretaries of the Military Departments to accomplish the Department's medical mission. The Assistant Secretary's responsibilities include developing a unified medical program and budget, and developing policies that will allow the Department to effectively perform its medical mission.

II. Force Structure Summary: The Department of Defense accomplishes its world wide mission by using the Defense Health Program (DHP) appropriation to support the eligible beneficiary population through a system of 115 hospitals and 471 clinics (FY 1997), and includes a workforce of 103,760 military and 43,367 civilian personnel. The number of hospitals decreases to 107 and 98 in the budget years FY 1998 and 1999. The civilian personnel workforce reflects a reduction of 4 percent each year. Within the DHP, the reduction of civilian and military end strength will be offset by decreased requirements from overall downsizing, contractor managed care personnel, and purchasing care under TRICARE support contracts.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (\$ in Thousands):

This submission includes Operation and Maintenance (O&M) and Procurement funds. The overall resource requirements for FY 1998 and 1999 were based on the DHP's capitation-based financing model in conjunction with input from the three Military Departments and the three DHP field activities. Capitation financing is one of the major components of the Department's managed care strategy. One of the unique aspects of the DHP's capitation model is that it considers all resources (i.e., both O & M and Military Personnel (MILPERS) funds) used to produce the Department's health care services for eligible beneficiaries. Population estimates were taken from the Resource Analysis Planning System (RAPS) version 9.1

The provision of health care in the DHP depends upon both O&M funds and military labor. A per capita decline in either resource component (i.e. O&M and MILPERS), if not offset by an increase in the other component, reduces the DHP's ability to provide a consistent level of health care services to eligible DOD beneficiaries. The above constant dollar per capita trend reflects a decline in available resources per user beneficiary.

The financial requirements set forth in this budget consider the effects of force structure downsizing and Base Realignment and Closure plans. Other than major mission changes, there are three main factors that influence DHP funding requirements: (1) general inflation, (2) health services prices, or medical specific inflation, and (3) population composition and changes.

Subsequent to the formulation of the budget request, further review of the medical program disclosed a funding shortfall of \$274 million in FY 1998. To address this shortfall, the Department plans to submit an amendment to the President's budget request that will provide the \$274 million. Necessary revisions to FY 1999 will be incorporated into next year's budget submission for FY 1999.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

A. Defense Health Program

Defense Health Program	FY 1997		FY 1998	
	Budget Request	Appropriated	Budget Request	Appropriated
Direct Patient Care	3,242,313	3,455,443	3,445,852	3,419,562
Patient Care Support	943,233	1,175,912	1,190,212	1,179,322
CHAMPUS	3,542,741	3,542,741	3,542,741	3,638,562
Care in Non-Defense Facilities	447,561	456,103	456,103	470,703
Education and Training	221,800	207,231	223,343	223,343
Base Operations	923,209	1,013,846	1,013,846	1,031,947
USUHS	<u>52,000</u>	<u>70,450</u>	<u>70,450</u>	<u>51,314</u>
Offset				-274,000
Total	9,867,636	9,358,288	9,937,838	9,766,582
				9,496,849

B. Reconciliation Summary	Change		Change	
	FY 1997/1998	FY 1998/1999	FY 1997/1998	FY 1998/1999
Baseline Funding	9,358,288	9,942,547	9,942,547	9,766,582
Congressional Adjustments	579,550	0	0	0
Foreign Currency Adjustment	0	0	0	0
Price Changes	0	350,257	350,257	314,140
Functional Transfers	4,709	5,812	5,812	0
Program Changes	0	-532,034	-532,034	-583,873
Current Estimate	9,942,547	9,766,582	9,766,582	9,496,849

- C. OP-32 Line Item:** Not provided at the appropriation level because the DHP appropriation includes Procurement funds in addition to O&M funds. See Exhibit OP-32.
- D. Reconciliation:** See Exhibit OP-5 Part 2.

IV. Performance Criteria and Evaluation: Not provided at the appropriation level - see Exhibit OP-5 Part 2

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Personnel Summary 1:

Active Military End Strength

	FY 1996	FY 1997	FY 1998	FY 1999	FY 1997/FY 1998	FY 1998/FY 1999
Officer	35,976	35,888	35,270	34,739	-618	-531
Enlisted	66,407	67,872	67,230	66,332	-642	-898
Total Military	102,383	103,760	102,500	101,071	-1,260	-1,429

Civilian End Strength

US Direct Hire	42,507	41,051	39,224	37,683	-1,827	-1,541
Foreign National Direct Hire	988	522	522	522	0	0
Total Direct Hire	43,495	41,573	39,746	38,205	-1,827	-1,541
Foreign National Indirect Hire	1,538	1,794	1,792	1,790	-2	-2
Total Civilians	45,033	43,367	41,538	39,995	-1,829	-1,543

(Reimbursable Civilian Included Above -memo)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 1997/FY 1998	FY 1998/FY 1999
Officer	36,428	35,932	35,579	35,005	-353	-574
Enlisted	67,856	67,140	67,551	66,781	411	-770
Total Military	104,284	103,072	103,130	101,786	58	-1,344

Civilian Work Years

US Direct Hire	42,148	41,736	39,863	38,113	-1,873	-1,750
Foreign National Direct Hire	863	527	519	516	8	3
Total Direct Hire	43,011	42,263	40,382	38,629	-1,881	-1,753
Foreign National Indirect Hire	1,560	1,813	1,788	1,785	-25	3
Total Civilians	44,571	44,076	42,170	40,414	-1,906	-1,756

(Reimbursable Civilian Included Above-memo)

1/ Included to show a unified medical program. Military and civilian end strength included in DoD Components, not the Defense Health Program.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. FY 1997 President's Budget

9,358,288

2. Congressional Adjustments:

579,550

- a. Breast Cancer 25,000
- b. Head Injury 1,500
- c. Gulf War 3,400
- d. Red Cross Communications 14,500
- e. Telemedicine 15,000
- f. Reserve Dental 7,500
- g. Prisoner of War 1,000
- h. USUHS 6,900
- i. Graduate Nurses 2,000
- j. Nursing Research 5,000
- k. Pacific Island Referral 5,000
- l. Disaster Management 2,000
- m. PACMEDNET 10,000
- n. Brown Tree Snakes 1,000
- o. Cancer Control 4,750
- p. Shortfall 475,000

3. FY 1997 Appropriated Amount:

9,937,838

4. Reprogrammings/Transfers

4,709

a. Increases:

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. Hepatitis A	20,000
a. Decreases:	
1. Combating Terrorism	(9,591)
2. Contingency Operations	(5,700)
5. FY 1997 Current Estimate:	9,942,547
6. Price Growth (FY 1998)	350,257
7. Functional Program Transfers:	5,812
a. Transfers In	
1. Joint Health Care Management Engineering Team (JHMET)	469
2. TRACES	1,800
3. Transfers of Navy Alcohol Rehabilitation Centers & alcohol functions of the Detachment Drug Alcohol Management Activity (DAPAM) program from Navy BUPERS to the DHP.	4,488
4. Transfers responsibility & resources for Counseling Assistance Centers, now operating under Navy line commanders to the DHP.	1,522

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

b. Transfers Out

1. Transfer Family Advocacy Program case management functions.

8. Program Increases:

- | | |
|--|--------|
| a. Small Hospital Conversion. | 8,200 |
| b. Initial outfitting for various Air Force (3,690) & Navy (1,956) overseas facilities. | 5,646 |
| c. Forward Deployable Laboratory. Start-up & maintenance costs for three forward deployed laboratories for the Pacific, Europe/Middle East/Africa, & Central/South America theaters of operation. | 450 |
| d. Dependent Dental. | 1,800 |
| e. Operational Dental Readiness. Improves the readiness status of deployable active duty personnel. The goal of this initiative is to assure 95% active duty personnel achieve a dental class 1 or 2. | 10,800 |
| f. Waiver of Dental Copayment for Family Members Overseas (Legislative Proposals). | 1,718 |
| g. Occupational health special studies and demonstration projects for the Air Force. | 5,000 |
| h. Frames of Choice Program (Navy). Provides eye glass frames to active duty personnel consistent with the civilian sector optical industry standards & in support of CNO's goal for improved quality of life. | 1,764 |
| i. Drop in Child Care (Navy). Provides drop-in child care services within the Medical Treatment Facility for | 1,922 |

(Dollars in Thousands)

(2,467)

1,327,010

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

active duty families during medical appointments.

(Dollars in Thousands)		
j. Omnibus Prevention Care Program (Navy). Implements the "Put Prevention into Practice" (PPIP) health promotion program which ensures clinical preventive services are delivered & reinforces the patient's responsibility to maintain a healthy lifestyle.	4,321	
k. Surface Warfare Institute of Medicine (Navy). Provides professional & technical support & consultative services for Surface and Fleet Marine Force (FMF) Units concerning medical matters worldwide.	282	
l. Contingency Operations.	1,400	
m. Patient movement equipment. Upgrades & standardizes patient movement equipment under a 15-day evacuation policy as prescribed in the Defense Planning Guidance.	6,968	
n. Business Process Review.	1,091	
o. TRICARE Handbook & Policy Manuals. Printing requirements of the TRICARE handbooks & manuals that provide information to program managers and beneficiaries.	681	
p. National Quality Monitoring Contract. Oversees the quality of care provided by the Managed Care Support contracts.	780	
q. Increase in Air Force Aerovac training to meet new doctrine to rapidly evacuate & replace casualties.	8,500	
r. Increase in Navy Readiness training to support individual medical readiness training, Fleet Hospital training, and Hospital Shipboard training.	4,700	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

s. Increase in support of Prevention Education.	3,915
t. Environmental compliance. Compliance and pollution prevention projects to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, & the Resource Conservation & Recovery Act.	9,281
u. Increase to fund Real Property Maintenance at the appropriate levels.	12,295
v. Combating terrorism. Provides for additional physical security equipment, site improvements, and security personnel.	1,630
w. Pipeline benefits requirements for MCS contracts in Regions 1 and 2/5.	229,500
x. Investment Demonstration Program. Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer.	2,700
y. MCS Contract implementation. Reflects all seven MCS contracts being implemented by FY 1998.	991,452
z. Contract Premium for outsourcing health care triggered by medical force structure downsizing and civilian workyear ceilings.	6,314
aa. Annualization of Reserve Dental Program	3,900
9. Program Decreases:	(1,859,044)
a. Decline in active duty population eligible for emergency medical care & implementation of the initiatives to reduce costs by improving program management.	(4,453)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

- b. Discontinuation of one-time FY 1997 Congressional increases.

1. Breast Cancer (25,840)
 2. Nursing Research (5,099)
 3. Pacific Island Referral (5,170)
 4. PACMEDNET (10,336)
 5. Cancer control (5,013)
 6. Red Cross (15,057)
 7. Gulf War (3,531)
 8. Telemedicine (15,576)
 9. Disaster Management (2,077)
 10. Brown Tree Snakes (1,038)
 11. Head Injury (1,530)
 12. Prisoner of War (1,020)
 13. USUHS (7,036)
- c. Initial outfitting for various CONUS projects completed in FY 1997. (4,448)
- d. Decline in world wide user population of approximately 0.9 percent from FY 1997 to FY 1998. (31,412)
- e. Utilization Management (UM). Implements the second phase of the MHSS UM strategy designed to control the use of health care services. Phase-in savings represent an additional 1.5% UM goal for FY 1998 UM goal of 2.5%. (98,415)
- f. Hepatitis "A" & Varicella Vaccine. One-time costs associated with the initial immunization program for FY 1997. (27,300)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

- | | |
|--|-----------|
| g. Reduction of 1,882 flying hours & associated contract logistics support. | (4,426) |
| h. 1% reduction in management headquarters. | (350) |
| i. Reduced level of effort associated with decreases in the population supported due to force structure downsizing. | (15,822) |
| j. Reduction of 10 civilian workyears at OCHAMPUS. Reduced requirements for supplies, rents & communications associated with office relocation. | (750) |
| k. One time FY 1997 equipment purchase to relocate the TRICARE Support Office (OCHAMPUS). | (1,525) |
| l. USUHS phase down. | (5,845) |
| m. Specialized skill training decreases to correspond with reduction in certified military care professional end strengths. | (2,058) |
| n. Reflects anticipated personnel & infrastructure reductions as a result of cessation of inpatient & outpatient care and closure of several DHP facilities. | (7,152) |
| o. Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, & Pensacola. | (8,000) |
| p. Decrease for the one-time required pipeline costs for Region 3/4 and 7/8 in FY 1997. | (161,400) |
| q. Reflects all MCS contracts being implemented by FY 1998 for all twelve Health Service Regions. | (939,965) |
| r. Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits. | (94,800) |

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

s.	One time startup costs in FY 1997 for regions 1 and 2/5 MCS contracts are eliminated.	(61,100)
t.	TRICARE Pharmacy Network Savings	(17,500)
u.	Offset	(274,000)
10.	FY 1998 Budget Request	9,766,582
11.	Price Growth (FY 1999)	314,140
12.	Functional Program Transfers:	0
a.	Transfers In	0
b.	Transfers Out	0
13.	Program Increases:	415,468
a.	Small Hospital Conversion.	7,900
b.	Total Force Preventive Medicine. Pre/Post Deployment Initiative. Monitors personnel health of USAF before, during, & after deployment to meet tasking for global surveillance of communicable diseases.	12,000
c.	Provides disease surveillance, health threat assessments, and disease outbreak investigations.	16,969
d.	Air Force Aerovac training for critical care augmentation teams.	2,400

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

e. Increase in Navy & Air Force readiness training.	3,096
f. HPSP scholarships increase to maintain Dental Corps strength.	1,500
g. Environmental compliance. Compliance and pollution prevention projects to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, & the Resource Conservation & Recovery Act.	9,003
h. Increase to fund Real Property Maintenance at the appropriate levels.	19,692
i. Combating terrorism. Provides for additional physical security equipment, site improvements, and security personnel.	930
j. Real Property Services programmatic adjustment to meet shortfall.	15,700
k. Base communications increase to accommodate the proliferation of information technologies including CHCS, Telemedicine, and ADS.	8,670
l. Investment Demonstration Program. Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer.	2,400
m. Startup costs for Region 11 Contract.	7,400
n. Annualization of Reserve Dental Program	22,300
o. Adjustment for FY 98 Offset plus inflation	285,508

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

14. Program Decreases:

- a. Decline in active duty population eligible for emergency medical care. (123)
- b. BRAC. Estimated savings related to closure of Fitzsimmons Army Medical Center. (2,316)
- c. Initial outfitting. Reduces the initial outfitting account for various projects completed in FY 1998. (11,664)
- d. Reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.2 percent from FY 1998 to FY 1999. (6,500)
- e. Utilization Management (UM). Implements the second phase of the MHSS UM strategy designed to control the use of health care services. Phase-in savings represent an additional 1.5% UM goal for a total FY 1999 UM goal of 4%. (99,715)
- f. Additional UM Initiatives. Represents an additional FY98 UM target of 1.4%. (113,872)
- g. Reduced level of effort associated with decreases in the population supported due to force structure downsizing. (1,001)
- h. Reduction of 9 additional civilian workyears (OCHAMPUS). (628)
- i. TRICARE handbooks and Policy Manuals. Reduction for one-time printing cost. (684)
- j. Regional Review Centers. Provides preauthorization & retrospective review of medical care provided in civilian facilities. (1,200)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

- | | |
|--|------------------|
| k. Continued reduction of office operations & support costs as the OCHAMPUS staffing levels decrease. | (428) |
| l. USUHS phase down | (19,991) |
| m. Decrease in Specialized Training. | (728) |
| n. Reflects anticipated personnel & infrastructure reductions as a result of cessation of inpatient & outpatient care and closure of several DHP facilities. | (3,308) |
| o. Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, & Pensacola. | (9,400) |
| p. Decrease for the one-time required pipeline costs for Region 1 and 2/5 in FY 1998. | (233,200) |
| q. Remaining FY 1998 Standard CHAMPUS benefits costs eliminated for the last 2 regional contracts. | (99,371) |
| r. Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits. | (42,400) |
| s. Reduced MCS Contracts Health Care Costs. | (352,812) |
| 15. FY 1999 Budget Request | 9,496,849 |

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINe Defense Health Program						
308 Travel of Persons	157072	5	2.20	3455	-85	160447
399 Total Travel	157072	5		3455	-85	160447
401 DFSC Fuel	21624	0	1.29	280	-1484	20420
402 Service Fund Fuel	843	0	1.30	11	648	1502
411 Army Sup & Mat	25641	0	-6.00	-1539	3467	27569
412 Navy Sup & Mat	32602	0	8.60	2804	-6314	29092
414 AF Sup & Mat	397	0	-1.01	-4	99	492
415 DLA Sup & Mat	104565	0	-2.10	-2195	-22755	79615
416 GSA Sup & Mat	35945	0	2.20	791	2360	39096
417 Local Proc Sup & Mat	1120923	226	2.20	24664	-265710	880103
499 Total Sup & Mat	1342540	226		24812	-289689	1077889
502 Army Fund Equip	3928	0	-6.01	-236	31	3723
503 Navy Fund Equip	1280	0	8.67	111	-940	451
505 AF Fund Equip	62648	0	-1.20	-751	-17737	44160
506 DLA Fund Equip	2041	0	-2.11	-43	684	2682
507 GSA Fund Equip	9141	0	2.21	202	-2388	6955
599 Total Fund Equip	79038	0		-717	-20350	57971
602 Army Depot Cmd Maint	13	0	7.69	1	1	15
611 Naval Surface War Ctr	257	0	-2.72	-7	-63	187
615 Data Automat Ctr Navy	205	0	-7.32	-15	-145	45
620 Fleet Aux Ships Navy	0	0	0.00	0	1157	1157
630 Naval Rsch Lab	11	0	0.00	0	3	14
631 Naval Civil Engr Ctr	6852	0	-6.49	-445	-3588	2819
633 Naval Pub & Pnt Svc	12088	0	9.40	1136	-216	13008

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Defense Health Program						
634 Nav Pub Wrks Ctr. Utilities	22622	0	-0.30	-67	157	22712
635 Nav Pub Wrks Ctr: Pub Wrks	86967	0	2.10	1827	-9787	79007
637 Naval Shipyards	20	0	15.00	3	23	17192
653 Airlift Svcs Trng & Ops	17953	0	29.40	5278	-6039	10428
671 Communications Svc	6006	0	-4.31	-259	4681	72793
673 Def Finance & Acct Svc	42241	0	11.40	4815	25737	603
679 Cost Reimbursable Svc	471	0	2.12	10	122	12020
699 Total Purchases	195706	0		12277	220003	
701 MAC Cargo	21	0	0.00	0	0	21
702 MAC SAAM	238	0	-0.42	-1	36	273
711 MSC Cargo	0	0	0.00	0	0	0
721 MTMC Port Handling	0	0	0.00	0	19	19
725 MTMC Other	86	0	0.00	7	-93	0
771 Commercial Transportation	7742	8	2.18	169	-2227	5692
799 Total Transportation	8087	8		175	-2265	6005
9XX Civ Pay Reimburs Host	1737959	545	3.00	52156	-41240	1749420
901 Foreign Nat Ind Hire	47931	581	3.00	1456	14642	64610
902 Separation Liability	26369	0	3.00	790	-9416	17743
912 Rental Pay to GSA	9924	0	2.20	218	66	10208
913 Purchased Utilities	78721	80	2.20	1734	386	80921
914 Purchased Communica	39753	107	2.20	876	-6526	34210
915 Rents non GSA	24296	67	2.20	536	2081	26980
917 Postal Svcs	3216	0	2.52	81	-332	2965
920 Supplies & Mat	353533	842	3.45	12226	-106717	259884
921 Printing & Reproduct	8164	0	2.19	179	-1372	6971

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	FY1997 Program
LINE Defense Health Program					
922 Equipt Maint Contract	87452	41	2.20	1924	-6092
156778	240		2.20	3456	-21757
203470	82		3.33	6782	-71671
2460	9		2.23	55	-223
29379	0		2.20	647	-1195
2976	0		2.22	66	-2006
9572	0		2.19	210	-2666
23645	0		2.20	520	7014
7	0		0.00	0	-7
809	5		2.21	18	96
13767	0		2.20	303	-4535
4870827	1069		3.83	186556	277742
354185	0		3.74	13250	21060
8085193	3668			284039	47332
9999 TOTAL	9867636	3907	3.28	324041	-253037
					9942547

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Defense Health Program						
308 Travel of Persons	160447	0	2.10	3371	11083	174901
399 Total Travel	160447	0		3371	11083	174901
401 DFSC Fuel	20420	0	19.70	4023	-3158	21285
402 Service Fund Fuel	1502	0	19.77	297	-50	1749
411 Army Sup & Mat	27569	0	2.30	633	-2093	26109
412 Navy Sup & Mat	29092	0	26.30	7651	367	37110
414 AF Sup & Mat	492	0	19.31	95	-100	487
415 DLA Sup & Mat	79615	0	1.60	1274	-4330	76559
416 GSA Sup & Mat	39096	0	2.10	821	1041	40958
417 Local Proc Sup & Mat	880103	224	2.10	18486	-41318	857495
499 Total Sup & Mat	1077889	224		33280	-49641	1061752
502 Army Fund Equip	3723	0	2.31	86	-310	3499
503 Navy Fund Equip	451	0	26.39	119	32	602
505 AF Fund Equip	44160	0	19.30	8523	-1047	51636
506 DLA Fund Equip	2682	0	1.60	43	74	2799
507 GSA Fund Equip	6955	0	2.10	146	2	7103
599 Total Fund Equip	57971	0		8917	-1249	65639
602 Army Depot Cmd Maint	15	0	6.67	1	0	16
611 Naval Surface War Ctr	187	0	12.30	23	-12	198
615 Data Automat Ctr Navy	45	0	6.67	3	-6	42
620 Fleet Aux Ships Navy	1157	0	2.07	24	98	1279
630 Naval Rsch Lab	14	0	0.00	0	5	19
631 Naval Civil Engr Cr	2819	0	2.09	59	-115	2763
633 Naval Pub & Pmt Svc	13008	0	-4.01	-521	1665	14152

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	Price Growth Program
LINE Defense Health Program					
634 Nav Pub Wrks Ctr: Utilities	22712	0	-1.00	-227	4253
635 Nav Pub Wrks Ctr: Pub Wrks	79007	0	0.30	237	6745
637 Naval Shipyards	23	0	17.39	4	-1
653 Airlift Svcs Trng & Ops	17192	0	19.80	3404	17587
671 Communications Svc	10428	0	-11.00	-1147	445
673 Def Finance & Acct Svc	72793	0	-12.60	-9172	14465
679 Cost Reimbursable Svc	603	0	1.99	12	4
699 Total Purchases	220003	0	-7300	24537	237240
701 MAC Cargo	21	0	4.76	1	4
702 MAC SAAM	273	0	17.58	48	-49
711 MSC Cargo	0	0	0.00	0	0
721 MTMC Port Handling	19	0	5.26	1	-2
725 MTMC Other	0	0	0.00	0	0
771 Commercial Transportation	5692	0	2.11	120	10
799 Total Transportation	6005	0	-170	-37	6138
9XX Civ Pay Reimburs Host	1749420	152	2.85	49862	-80980
901 Foreign Nat Ind Hire	64610	0	2.85	1841	-1130
902 Separation Liability	17743	0	2.85	506	-3903
912 Rental Pay to GSA	10208	0	0.00	0	280
913 Purchased Utilities	80921	23	2.10	1700	685
914 Purchased Communica	34210	41	2.10	719	512
915 Rents non GSA	26980	2	2.10	567	1623
917 Postal Svcs	2965	0	0.00	0	-52
920 Supplies & Mat	259884	163	3.72	9666	41569
921 Printing & Reproduct	6971	0	2.11	147	949
					8067

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Program Growth	FY1998 Program
LINE Defense Health Program						
922 Equip Maint Contract	83325	42	2.10	1751	8166	93284
923 Facility Maint Contract	138717	24	2.10	2913	20529	162183
925 Equip Purchases	138663	35	3.67	5094	6645	150437
926 Overseas Purchases	2301	0	2.13	49	65	2415
930 Other Depot Maint	28831	0	2.10	605	-2836	26600
931 Contract Consultants	1036	0	2.12	22	53	1111
932 Mgmt & Prof Spt Svc	7116	0	2.09	149	15	7280
933 Studies Analysis Eval	31179	0	2.10	654	3984	35817
934 Engineering Tech Svc	0	0	0.00	0	0	0
937 Fuel	928	0	2.05	19	96	1043
988 Grants	9535	0	2.10	200	-2045	7690
989 Other Contracts	5336194	129	4.11	219257	-232262	5323318
998 Other Costs*	388495	0	3.93	15263	1122	404880
999 Total Purchases	8420232	611		310984	-236915	8494912
Offset					-274000	-274000
9999 TOTAL	9942547	835	3.51	349422	-526222	9766582

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Defense Health Program						
308 Travel of Persons	174901	0	2.10	3673	1903	180477
399 Total Travel	174901	0		3673	1903	180477
401 DFSC Fuel	21285	0	-4.40	-936	618	20967
402 Service Fund Fuel	1749	0	-4.40	-77	210	1882
411 Army Sup & Mat	26109	0	2.20	574	-2282	24401
412 Navy Sup & Mat	37110	0	-3.00	-1114	2840	38836
414 AF Sup & Mat	487	0	0.00	0	-7	480
415 DLA Sup & Mat	76559	0	-1.00	-765	7817	83611
416 GSA Sup & Mat	40958	0	2.10	861	600	42419
417 Local Proc Sup & Mat	857495	365	2.10	18015	21043	896918
499 Total Sup & Mat	1061752	365		16558	30839	1109514
502 Army Fund Equip	3499	0	2.20	77	-287	3289
503 Navy Fund Equip	602	0	-2.82	-17	61	646
505 AF Fund Equip	51636	0	0.00	0	2771	54407
506 DLA Fund Equip	2799	0	-1.00	-28	-61	2710
507 GSA Fund Equip	7103	0	2.11	150	11	7264
599 Total Fund Equip	65639	0		182	2495	68316
602 Army Depot Cnd Maint	16	0	0.00	0	1	17
611 Naval Surface War Ctr	198	0	-0.51	-1	-13	184
615 Data Automat Ctr Navy	42	0	2.38	1	-5	38
620 Fleet Aux Ships Navy	1279	0	2.11	27	33	1339
630 Naval Rsch Lab	19	0	10.53	2	0	21
631 Naval Civil Engr Ctr	2763	0	2.71	75	-339	2499
633 Naval Pub & Pnt Svc	14152	0	2.70	382	973	15507

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Defense Health Program					
634 Nav Pub Wrks Ctr: Utilities	26738	0	-3.00	-802	26546
635 Nav Pub Wrks Ctr: Pub Wrks	85989	0	0.20	171	92511
637 Naval Shipyards	26	0	-11.54	-3	26
653 Airlift Svcs Trng & Ops	17587	0	-2.50	-440	17974
671 Communications Svc	9726	0	-12.31	-1197	9005
673 Def Finance & Acct Svc	78086	0	-0.10	-78	83661
679 Cost Reimbursible Svc	619	0	2.10	13	610
699 Total Purchases	237240	0	-1850	-14548	249938
701 MAC Cargo	26	0	3.85	1	23
702 MAC SAAM	272	0	-1.47	-4	270
711 MSC Cargo	0	0	0.00	0	0
721 MTMC Port Handling	18	0	0.00	0	-1
725 MTMC Other	0	0	0.00	0	17
771 Commercial Transportation	5822	0	2.10	122	0
799 Total Transportation	6138	0	-36	-33	5911
9XX Civ Pay Reimburs Host	1718454	508	2.20	37817	-86592
901 Foreign Nat Ind Hire	65321	0	2.20	1438	-207
902 Separation Liability	14346	0	2.20	315	209
912 Rental Pay to GSA	10488	0	0.00	0	288
913 Purchased Utilities	83329	0	2.10	1750	895
914 Purchased Communica	35482	51	2.10	745	341
915 Rents non GSA	29172	72	2.10	613	220
917 Postal Svcs	2913	3	0.00	0	30077
920 Supplies & Mat	311282	895	3.77	11781	-36
921 Printing & Reproduct	8067	0	2.09	6521	330479
					1368

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	FY1999 Program
LINE Defense Health Program						
922 Equipt Maint Contract	93284	765	2.10	1974	-7796	88227
923 Facility Maint Contract	162183	95	2.10	3408	2289	167975
925 Equipt Purchases	150437	447	3.67	5532	-18596	137820
926 Overseas Purchases	2415	0	2.15	52	-35	2432
930 Other Depot Maint	26600	0	2.10	559	646	27805
931 Contract Consultants	1111	0	2.07	23	-44	1090
932 Mgmt & Prof Spt Svc	7280	0	2.10	153	7	7440
933 Studies Analysis Eval	35817	0	2.10	752	2313	38882
934 Engineering Tech Svc	0	0	0.00	0	0	0
937 Fuel	1043	0	2.01	21	44	1108
988 Grants	7690	0	2.09	161	-4246	3605
989 Other Contracts	5323318	977	4.12	219610	-819619	4724286
998 Other Costs*	404880	0	3.93	15915	2900	423695
999 Total Purchases	8494912	3813		291280	-633622	7882383
9999 TOTAL	9766582	4178	3.17	309962	-583873	9496849

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Direct Patient Care

I. Description of Operations Financed: This Sub-Activity Group provides for the delivery of patient care worldwide. This includes two broad functional areas: (1) Care in Defense Medical Centers, Station Hospitals and Medical Clinics, and (2) Dental Care Activities, in the Continental United States (CONUS) and Outside the Continental United States (OCONUS) respectively.

II. Force Structure Summary: **Defense Medical Centers/Hospitals/Clinics** represent the costs of providing medical care in DoD-owned and operated medical centers, station hospitals, medical clinics, and subordinate aid stations which are staffed and equipped to provide the full range of inpatient and ambulatory health care services. Includes medical center laboratories, alcohol treatment, clinical investigation activities and on-the-job training/education programs conducted at these facilities, federal sharing agreements, supplemental and cooperative care costs specifically identified to health care services received in a **non-defense** facility as a result of a referral or prearranged agreement. Excludes operation of management headquarters for TRICARE Lead Agents, dental activities, deployable medical units and other health care resources devoted exclusively to teaching. **Dental Care Activities** represent the costs of providing dental services through operation of hospital departments of dentistry, installation dental clinics, and Regional Dental Activities (laboratories). Excludes provision of dental services by units organic to Operating Forces units and deployable dental units operating in an active combat zone.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	<u>FY 1996 Actuals</u>	<u>Budget Request</u>	<u>Appropriation</u>	<u>Current Estimate</u>	<u>FY 1998 Estimate</u>	<u>FY 1999 Estimate</u>
MEDCENs / Hospitals / Clinics (CONUS)	\$2,954,594	\$2,771,958	\$2,973,647	\$2,964,056	\$2,936,809	\$2,800,957
MEDCENs / Hospitals / Clinics (OCONUS)	288,577	271,479	282,330	282,330	279,003	296,553
Dental Care Activities (CONUS)	131,391	140,927	153,630	153,630	158,027	161,794
Dental Care Activities (OCONUS)	37,559	57,949	45,836	45,836	45,723	48,183
Total	\$3,412,121	\$3,242,313	\$3,455,443	\$3,445,852	\$3,419,562	\$3,307,487

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (O&M--\$ in thousands--Continued):

B. Reconciliation Summary

	Change <u>FY 1997/1997</u>	Change <u>FY 1997/1998</u>	Change <u>FY 1998/1999</u>
Baseline Funding	\$3,242,313	\$3,445,852	\$3,419,562
Congressional Adjustments	+213,130		
Reprogrammings/Transfers	-9,591		
Price Change			+91,792
Functional Transfers		+115,516	
Program Changes		-141,806	-203,867
Current Estimate	\$3,445,852	\$3,419,562	\$3,307,487

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation of Increases and Decreases (Continued):

1. FY 1997 President's Budget Request
\$3,242,313
 2. Congressional adjustments
+213,130
 3. FY 1997 Appropriated
\$3,455,443
- Congressional Increase
Breast Cancer
Reserve Dental
Pacific Island Referral
PACMEDNET
Cancer Control
+160,780
+25,000
+7,500
+5,000
+10,000
+4,850

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

4. Reprogrammings/Transfers	-9,591	
Anti-Terrorism		
5. FY 1997 Current Estimate	\$3,445,852	
6. Price Growth	+115,516	
7. Program Increases		
a. MEDCENS/ Hospitals/Clinics (CONUS)		
Downsizing Small Hospitals. This increase finances the purchase of in-patient care from the private sector and finances anticipated increases in out-patient clinic visits due to conversion of eight small hospitals to extended hour out-patient clinics. This increase is offset by a decrease in military personnel costs of -\$9.2 million due to staff reductions associated with elimination of the in-patient capability at each hospital. An additional nine small hospitals will be downsized in FY99 for a total of 17 conversions. Downsizing the seventeen carefully selected small hospitals will reduce costs and will improve access to care and the quality of care provided to MHSS beneficiaries. Net savings of \$36 million per year are expected beginning in FY01 when the conversions are complete.	+8,200 ✓	
b. MEDCENS/Hospitals/Clinics (OCONUS)		
Initial outfitting for various small Air Force (3,690) and Navy (1,956) overseas facilities	+5,646 ✓	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

Forward Deployable Laboratory (Navy):

+450 ✓

Start-up and annual maintenance costs for three forward deployed laboratories for the Pacific, Europe/Middle East/Africa, and Central/South America theaters of operation.

c. Dental Care Activities

Operational Dental Readiness. Provides dental services necessary to improve the readiness status of deployable active duty personnel. The goal of this initiative is to assure 95% of active duty personnel achieve a dental status of class 1 or 2, thus limiting non-deployable active duty personnel (due to dental) to 5% or less.

Dependent Dental

Annualization of Reserve Dental Program

d. Legislative Proposals

Waiver of Dental Copayments for Family Members Overseas

e. Contract Premium

Contract premium for outsourcing health care triggered by medical force structure downsizing and civilian workyear ceilings.

Total Program Increases

+38,828

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

9. Program Decreases
 - a. Reverse FY 1997 One-time Congressional Increases
 - Breast Cancer -25,840
 - Pacific Island Referral -5,170
 - PACMEDNET -10,336
 - Cancer Control -5,013
 - b. Initial Outfitting. Reduces the initial outfitting account for various CONUS projects completed in FY97.
 - c. Population Impact -31,412
 - d. Utilization Management -98,415

This program decrease reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.9 percent from FY97 to FY98.

This reduction implements the second phase of the MHSS utilization management strategy designed to control the use of health care services while maintaining access to appropriate high-quality health care provided by the MHSS. Phase-in savings represent an additional 1.5% utilization management goal for total FY98 utilization management goal of 2.5%

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

Total Program Decreases	-180,634
10. FY 1998 Budget Request	\$3,419,562
11. Price Growth	+91,792
12. Program Increases	
a. MEDCENS/ Hospitals/Clinics (CONUS)	
Downsizing Small Hospitals. This increase finances the purchase of in-patient care from the private sector and finances anticipated increases in out-patient clinic visits due to conversion of nine small hospitals to extended hour out-patient clinics. This increase is offset by a decrease in military personnel costs of -\$19.2 million due to staff reductions associated with elimination of the in-patient capability. This completes the second phase of the downsizing effort of 17 small hospitals that began in FY98. Downsizing the seventeen carefully selected small hospitals will reduce costs and will improve access to care and the quality of care provided to MHSS beneficiaries. Net savings of \$36 million per year are expected beginning in FY01 when the conversions are complete.	+7,900
b. Annualization of Reserve Dental Program	+22,300
Total Program Increases	+30,200

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates**

Operation and Maintenance

D. Reconciliation of Increases and Decreases (Continued):

- | | | |
|---|---------|--|
| 13. Program Decreases | | |
| a. BRAC. Estimated savings related to closure of Fitzsimons Army Medical Center. | -2,316 | |
| b. Initial Outfitting. Reduces the initial outfitting account for various projects completed in FY98. | -11,664 | |
| c. Population Impact | -6,500 | |
| d. Utilization Management | -99,715 | |
- This program decrease reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.2 percent from FY98 to FY99.

This reduction implements the second phase of the MHSS utilization management strategy designed to control the use of health care services while maintaining access to appropriate high-quality health care provided by the MHSS. Phase-in savings represent a additional 1.5% utilization management goal for a FY99 total utilization management goal of 4%

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

- e. Additional Utilization Management Initiatives: This reduction represents an additional FY98 utilization management target of 1.4% for a total utilization management goal of 5.4%. The MHSS will meet the challenge to reach this goal and achieve these additional savings by implementing aggressive utilization management strategies to control use of health care services.

Total Program Decreases

14. FY1999 Budget Request

-234,067	\$3,307,487
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**Defense Health Program Appropriation
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IV. Performance Criteria and Evaluation Summary:

	FY 1996	FY 1997	FY 1998	FY 1999	Change FY97-98	Change FY98-99
Total US User Population (Average Manyears)						
Active Duty (1)	1,408,348	1,381,139	1,361,230	1,353,382	-19,909	-7,848
Dependents of Active Duty(2)	2,048,974	2,008,709	1,982,417	1,974,518	-26,292	-7,899
CHAMPUS Eligible Retirees	752,059	745,996	740,491	735,901	-5,505	-4,590
CHAMPUS Eligible Dependents of Retirees	1,278,544	1,260,606	1,244,238	1,240,784	-16,368	-3,454
Medicare Eligible Beneficiaries	<u>395,698</u>	<u>413,034</u>	<u>430,674</u>	<u>446,032</u>	+17,640	+15,358
Total Population	<u>5,883,623</u>	<u>5,809,484</u>	<u>5,759,050</u>	<u>5,750,617</u>	-50,434	-8,433
Total Overseas User Population (Average Manyears)						
Active Duty (1)	234,108	230,684	228,966	226,383	-1,718	-2,583
Dependents of Active Duty (2)	216,149	211,943	210,959	210,005	-984	-954
CHAMPUS Eligible Retirees	18,135	18,304	18,478	18,651	+174	+173
CHAMPUS Eligible Dependents of Retirees	40,926	40,042	39,209	39,497	-833	+288
Medicare Eligible Beneficiaries	<u>10,503</u>	<u>11,051</u>	<u>11,517</u>	<u>11,968</u>	+466	+451
Total Population	<u>519,821</u>	<u>512,024</u>	<u>509,129</u>	<u>506,504</u>	-2,895	-2,625
Total World-Wide User Population (Average Manyears)						
Active Duty (1)	1,642,456	1,611,823	1,590,196	1,579,765	-21,627	-10,431
Dependents of Active Duty (2)	2,265,123	2,220,652	2,193,376	2,184,523	-27,276	-8,853
CHAMPUS Eligible Retirees	770,194	764,300	758,969	754,552	-5,331	-4,417
CHAMPUS Eligible Dependents of Retirees	1,319,470	1,300,648	1,283,447	1,280,281	-17,201	-3,166
Medicare Eligible Beneficiaries	<u>406,201</u>	<u>424,085</u>	<u>442,191</u>	<u>458,000</u>	+18,106	+15,809
Total Population	<u>6,403,444</u>	<u>6,321,508</u>	<u>6,268,179</u>	<u>6,257,121</u>	-53,329	-11,058

(1) Includes Active Guard/Reserve entitled to medical benefit.

(2) Includes Dependents of Active Guard/Reserve entitled to medical benefit.

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IV. Performance Criteria and Evaluation Summary: Direct Patient Care (continued)

The workload data displayed on the previous page reflects the portion of the beneficiary population estimated to be full time users of the MHSS and is used for the direct care system of medical treatment facilities. A more comprehensive performance measure for the Defense Health Program (DHP) is the cost of health care services per user beneficiary. This per capita measure has the advantage of integrating multiple workload factors and the cost of all resources into a single measure.

The total DHP cost per capita, O&M cost per capita, and military personnel cost per capita reflected in this budget, based on projected beneficiary man-years, are as follows:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY 1996-97</u>	<u>Change FY 1997-98</u>	<u>Change FY 1998-99</u>
O & M	\$1,541	\$1,573	\$1,660	\$1,518	+\$32 (-2.1%)	+\$87 (+5.5%)	-\$142 (-8.6%)
MILPERS ^{1/}	\$792	\$817	\$827	\$838	+\$25 (+3.2%)	+\$10 (+1.3%)	+\$11 (+1.3%)
Total Then Year \$\$	\$2,333	\$2,390	\$2,487	\$2,356	+\$57 (+2.5%)	+\$97(+4.1%)	-\$131 (-5.3%)
FY94 Constant \$\$	\$2,189	\$2,174	\$2,188	\$2,011	-\$15 (-0.7%)	+\$14 (+0.7%)	-\$177 (-8.1%)

1/ Military personnel costs and end strength are included in the budget submissions of the three Military Departments and are not part of DHP appropriation.

The DHP's ability to provide high quality, cost effective health care services to eligible beneficiaries requires the availability of two major resource components: O&M funds and military personnel labor. Per capita declines in either resource component must be offset with an increase in the other component to ensure a consistent level of health care services to eligible DoD beneficiaries. The DHP budget only addresses O&M funds and military personnel labor is included the budgets of the three Military Departments. However, the DHP capitation financing model includes both O&M funds and military personnel labor because that is the most rational way to evaluate the ability of the DHP to meet its mission requirements.

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V. Personnel Summary 1/

	FY 1996	FY 1997	FY 1998	Change FY97/FY98	FY 1999	Change FY98/FY99
Active Military End Strength 1/						
Officer	24,341	24,696	23,868	-828	23,514	-354
Enlisted	49,637	50,697	50,350	-347	49,432	-918
Total Military	73,978	75,393	74,218	-1,175	72,946	-1,272
Civilian End Strength 1/						
U.S. Direct Hire	30,677	29,842	28,488	-1,354	27,391	-1,097
Foreign National Direct Hire	811	379	380	0	380	0
Total Direct Hire	31,488	30,221	28,868	-1,353	27,771	-1,097
Foreign National Indirect Hire	1,027	1,302	1,302	0	1,300	-2
Total Civilians	32,515	31,523	30,170	-1,353	29,071	-1,099
Active Military Workyears						
Officer	24,742	24,519	24,282	-237	23,691	-591
Enlisted	51,719	50,167	50,524	357	49,891	-633
Total Military Workyears	76,461	74,686	74,806	-1,224	73,582	120
Civilian Workyears						
U.S. Direct Hire	29,986	30,401	28,996	-1,405	27,658	-1,338
Foreign National Direct Hire	682	378	371	-3	368	-3
Total Direct Hire	30,668	30,779	29,367	-1,341	28,026	-1,341
Foreign National Indirect Hire	1,067	1,290	1,274	-2	1,272	-2
Total Civilian Workyears	31,735	32,069	30,641	-1,343	29,298	-1,343
(Reimbursable Civilians Included Above - Memo)	546	656	522	-10	512	-10

1/ Included to show a unified medical program. Active military personnel funding and all end strengths, military and civilian, are retained by the individual Military Departments for purposes of budget formulation and execution in accordance with the DEPSECDEF memorandum, "Strengthening the Medical Functions of the Department of Defense," dated October 1, 1991.

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Direct Patient Care						
308 Travel of Persons	55694	1	2.20	1225	-5631	51289
399 Total travel	55694	1		1225	-5631	51289
401 DFSC Fuel	393	0	1.30	5	10	408
402 Service Fund Fuel	151	0	1.30	2	-125	28
411 Army Sup & Mat	16964	0	-6.00	-1018	-2670	13276
412 Navy Sup & Mat	28460	0	8.60	2448	-5275	25633
414 AF Sup & Mat	37	0	-1.20	0	42	79
415 DLA Sup & Mat	95431	0	-2.10	-2004	-19956	73471
416 GSA Sup & Mat	26926	0	2.20	592	-832	26686
417 Local Proc Sup & Mat	1071797	224	2.20	23584	-291559	804046
499 Total Sup & Mat	1240159	224		23609	-320365	943627
502 Army Fund Equip	1923	0	-6.00	-115	-747	1061
503 Navy Fund Equip	405	0	8.60	35	-296	144
505 AF Fund Equip	54769	0	-1.20	-657	-15382	38730
506 DLA Fund Equip	1750	0	-2.10	-37	317	2030
507 GSA Fund Equip	5732	0	2.20	126	-1065	4793
599 Total Fund Equip	64579	0		-648	-17173	46758
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	35	0	-2.50	-1	-1	6
615 Data Automat Ctr Navy	3	0	-7.30	0	0	3
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	3	0	5.30	0	1	4
631 Naval Civil Engr Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Print Svc	2715	0	9.40	255	1873	4843

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Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	142	0	-0.30	0	-142	0
635 Nav Pub Wrks Ctr: Pub Wrks	11221	0	2.10	236	2445	13902
637 Naval Shipyards	11	0	14.50	2	-1	12
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	95	0	-4.30	-4	-40	51
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	2	2
699 Total Purchases	14225	0		488	4144	18857
701 MAC Cargo	13	0	3.00	0	8	21
702 MAC SAAM	0	0	-0.50	0	52	52
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	2019	3	2.20	44	216	2282
799 Total Transportation	2032	3		44	276	2355
9XX Civ Pay Reimburs Host	1220511	323	3.00	36625	-3002	1254457
901 Foreign Nat Ind Hire	32155	370	3.00	976	12007	45508
902 Separation Liability	19074	0	3.00	572	-6629	13017
912 Rental Pay to GSA	1342	0	2.20	30	839	2211
913 Purchased Utilities	316	0	2.20	7	-313	10
914 Purchased Communica	1358	1	2.20	30	-451	938
915 Rents non GSA	18009	64	2.20	398	3564	22035
917 Postal Svcs	301	0	2.50	8	-9	300
920 Supplies & Mat	259679	825	3.90	10160	-70597	200067
921 Printing & Reproduct	1609	0	2.20	35	96	1740

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	FY1997 Program
LINE Direct Patient Care						
922 Equip Maint Contract	52728	36	2.20	1161	3202	57127
923 Facility Maint Contract	3752	0	2.20	83	-2983	852
925 Equip Purchases	135480	77	3.90	5287	-37052	103792
926 Overseas Purchases	1533	7	2.20	34	-484	1090
930 Other Depot Maint	0	0	2.20	0	0	10
931 Contract Consultants	394	0	2.20	9	290	693
932 Mgmt & Prof Spt Svc	282	0	2.20	6	-288	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	226	0	2.20	5	-129	102
988 Grants	112	0	2.20	2	81	195
989 Other Contracts	280525	613	3.90	10964	375664	667766
998 Other Costs*	6046	0	3.90	236	4774	11056
999 Total Purchases	2035432	2316		66628	278590	2382966
9999 TOTAL	3412121	2544		91346	-60159	3445852

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Direct Patient Care					
308 Travel of Persons	0	2.10	1077	37	52403
399 Total travel	0		1077	37	52403
401 DFSC Fuel	408	0	19.70	80	-46
402 Service Fund Fuel	28	0	19.70	6	-3
411 Army Sup & Mat	13276	0	2.30	305	-885
412 Navy Sup & Mat	25633	0	26.30	6741	681
414 AF Sup & Mat	79	0	19.30	15	-15
415 DLA Sup & Mat	73471	0	1.60	1176	-3316
416 GSA Sup & Mat	26686	0	2.10	560	1027
417 Local Proc Sup & Mat	804046	224	2.10	16890	-44248
499 Total Sup & Mat	943627	224		25773	-46805
502 Army Fund Equip	1061	0	2.30	24	-88
503 Navy Fund Equip	144	0	26.30	38	-7
505 AF Fund Equip	38730	0	19.30	7475	-7475
506 DLA Fund Equip	2030	0	1.60	32	103
507 GSA Fund Equip	4793	0	2.10	101	45
599 Total Fund Equip	46758	0		7670	-7422
602 Army Depot Cmd Maint	0	0	4.00	0	0
611 Naval Surface War Ctr	40	0	12.20	5	-2
615 Data Automat Ctr Navy	3	0	6.80	0	1
620 Fleet Aux Ships Navy	0	0	2.10	0	0
630 Naval Rsch Lab	4	0	-2.00	0	4
631 Naval Civil Engr Ctr	0	0	2.10	0	0
633 Naval Pub & Pmt Svc	4843	0	-4.00	-194	533
					5182

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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	13902	0	0.30	42	5728	19672
637 Naval Shipyards	12	0	19.60	2	0	14
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	51	0	-11.00	-6	8	53
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	2	0	2.10	0	0	2
699 Total Purchases	18857	0		-151	6268	24974
701 MAC Cargo	21	0	5.00	1	4	26
702 MAC SAAM	52	0	17.80	9	-9	52
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	2282	0	2.10	48	24	2354
799 Total Transportation	2355	0		58	19	2432
9XX Civ Pay Reimbur Host	1254457	51	2.85	35753	-58824	1231437
901 Foreign Nat Ind Hire	45508	0	2.85	1297	-736	46069
902 Separation Liability	13017	0	2.85	371	-3046	10342
912 Rental Pay to GSA	2211	0	0.00	0	50	2261
913 Purchased Utilities	10	0	2.10	0	1	11
914 Purchased Communica	938	0	2.10	20	5	963
915 Rents non GSA	22035	0	2.10	463	1666	24164
917 Postal Svcs	300	0	0.00	0	3	303
920 Supplies & Mat	150	150	4.20	8409	39254	247880
921 Printing & Reproduct	1740	0	2.10	37	50	1827

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>FY1998 Program Growth</u>
LINE Direct Patient Care					
922 Equip Maint Contract	57127	42	2.10	1201	5356
923 Facility Maint Contract	852	0	2.10	18	25
925 Equipt Purchases	103792	33	4.20	4361	3950
926 Overseas Purchases	1090	0	2.10	23	63
930 Other Depot Maint	10	0	2.10	0	1
931 Contract Consultants	693	0	2.10	15	60
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	102	0	2.10	2	5
988 Grants	195	0	2.10	4	0
989 Other Contracts	667766	101	4.20	28050	-82222
998 Other Costs*	11056	0	4.20	464	436
999 Total Purchases	2382966	377		80488	-93903
9999 TOTAL	3445852	601		114915	-141806
					3419562

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Direct Patient Care						
308 Travel of Persons	52403	0	2.10	1100	-1607	51896
399 Total travel	52403	0		1100	-1607	51896
401 DFSC Fuel	442	0	-4.40	-19	42	465
402 Service Fund Fuel	31	0	-4.40	-1	4	34
411 Army Sup & Mat	12696	0	2.20	279	-1079	11896
412 Navy Sup & Mat	33055	0	-3.00	-992	2324	34387
414 AF Sup & Mat	79	0	0.00	0	-2	77
415 DLA Sup & Mat	71331	0	-1.00	-713	7854	78472
416 GSA Sup & Mat	28273	0	2.10	594	649	29516
417 Local Proc Sup & Mat	776912	365	2.10	16323	6401	800001
499 Total Sup & Mat	922819	365		15471	16193	954848
502 Army Fund Equip	997	0	2.20	22	-81	938
503 Navy Fund Equip	175	0	-3.00	-5	10	180
505 AF Fund Equip	38730	0	0.00	0	2632	41362
506 DLA Fund Equip	2165	0	-1.00	-22	-54	2089
507 GSA Fund Equip	4939	0	2.10	104	11	5054
599 Total Fund Equip	47006	0		99	2518	49623
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	43	0	-0.70	-0	-2	41
615 Data Automat Ctr Navy	4	0	2.60	0	-1	3
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	4	0	12.10	0	0	4
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Pmt Svc	5182	0	2.70	140	277	5599

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	19672	0	0.20	39	984	20695
637 Naval Shipyards	14	0	-10.80	-2	1	13
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	53	0	-12.30	-7	4	50
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	2	0	2.10	0	0	2
699 Total Purchases	24974	0		170	1263	26407
701 MAC Cargo	26	0	5.00	1	-4	23
702 MAC SAAM	52	0	-1.50	-1	0	51
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	2354	0	2.10	49	-13	2390
799 Total Transportation	2432	0		49	-17	2464
9XX Civ Pay Reimburs Host	1231437	252	2.20	27097	-59355	1199431
901 Foreign Nat Ind Hire	46069	0	2.20	1014	-142	46941
902 Separation Liability	10342	0	2.20	228	173	10743
912 Rental Pay to GSA	2261	0	0.00	0	50	2311
913 Purchased Utilities	11	0	2.10	0	-1	10
914 Purchased Communica	963	0	2.10	20	-3	980
915 Rents non GSA	24164	0	2.10	507	337	25008
917 Postal Svcs	303	0	0.00	0	-1	302
920 Supplies & Mat	247880	895	4.20	10449	5092	264316
921 Printing & Reproduct	1827	0	2.10	38	38	3832

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Direct Patient Care						
922 Equip Maint Contract	63726	765	2.10	1354	-412	65433
923 Facility Maint Contract	895	0	2.10	19	-11	903
925 Equip Purchases	112136	435	4.20	4728	-18912	98387
926 Overseas Purchases	1176	0	2.10	25	-40	1161
930 Other Depot Maint	11	0	2.10	0	0	11
931 Contract Consultants	768	0	2.10	16	-37	747
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	109	0	2.10	2	3	114
988 Grants	199	0	2.10	4	0	203
989 Other Contracts	613695	396	4.20	25792	-151116	488767
998 Other Costs*	11956	0	4.20	502	191	12649
999 Total Purchases	2369928	2743		71795	-222217	2222249
9999 TOTAL	3419562	3108		88684	-203867	3307487

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Patient Care Support

I. Description of Operations Financed: This Sub-Activity Group comprises nine functions which support delivery of patient care worldwide: Other Health Activities, Management Headquarters, Military Public/Occupational Health, Veterinary Services, Examining Activities, Defense Medical Programs Activity (DMPA), Military Unique Other Medical Activities, Aeromedical Evacuation System, and Armed Forces Institute of Pathology (AFIP).

II. Force Structure Summary: **Other Health Activities** includes management headquarters for Regional Lead Agents, central medical laboratories, medical service squadrons, Air Medical Department Field Procurement Offices, Health Services Data Systems Agency, Navy Healthcare Support Offices, and public affairs. **Management Headquarters** includes costs of operating HQ, U.S. Army Medical Command, Army Medical Materiel Agency, Navy Bureau of Medicine and Surgery, and the Defense Medical Facilities Office. **Military Public/Occupational Health** includes *public health* activities such as medical epidemiology and entomology, drinking water safety, monitoring hazardous waste disposal, food/facility sanitation, health promotion, community health nursing, medical intelligence, and *occupational health* activities such as assessment of workplace health hazards, employee health surveys, tracking exposure to physical, chemical, and biological stresses, development of preventive measures, epidemiological studies of occupational diseases, health hazard assessment of new materiel/weapons systems, and medical support to nuclear/biological/chemical surety programs. **Veterinary Services** supports the worldwide DoD veterinary mission and provides support to other specified federal agencies through activities such as care for government owned animals, clinical investigation support, control of zoonotic diseases, and wholesale food inspection. **Examining Activities** provides physical examinations and evaluations of medical suitability for individuals processed for accession to Active and Reserve Components through Military Entrance Processing Stations (MEPS) and DoD Medical Evaluation Review Board (DoDMERB). **Defense Medical Programs Activity (DMPA)** provides centralized DoD management of automated data processing technology to improve the effectiveness and efficiency of health care operations in the Military Departments and consolidates the planning, programming and budgeting for the Defense Health Program and military medical facility construction projects. **Military Unique Requirements - Other Medical** includes a host of activities related to the size of military population, such as physiological training units, Defense Medical Standardization Board, drug abuse detection laboratories, Military Blood Program Agency, optical repair/fabrication laboratories, USAF Armstrong Laboratory, health facilities offices, medical logistics/support offices, Medical Wartime Hospital Integration Office, Army Medical Materiel Activities, plans/operations/training, and Navy Medical Logistics Command.

**Defense Health Program Appropriation
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II. Force Structure Summary (continued):

Aeromedical Evacuation (AE) includes costs of the aeromedical evacuation system incurred by Joint and Armed Services Medical Regulating Offices, Aeromedical Evacuation and Tanker Airlift Control Centers, AE squadrons and detachments, and aeromedical staging facilities. **Armed Forces Institute of Pathology (AFIP)** is the chief reviewing authority on diagnosis of pathologic tissue for the Armed Services; conducts experimental, statistical and morphological investigation; operates Armed Forces Medical Examiner System and DoD DNA Registry; and administers DOD drug testing quality control/proficiency testing and Clinical Laboratory Improvement programs.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group: Patient Care Support

	FY 1997		FY 1998	
	Budget	Appropriation	Current Estimate	FY 1999 Estimate
FY 1996 Actuals	\$348,352	\$325,927	325,927	328,640
Other Health Activities			325,927	339,388
Management Headquarters	54,144	25,637	35,930	36,802
Military Public/Occupational Health	186,230	144,047	163,233	171,058
Veterinary Activities	14,135	11,713	11,713	12,524
Examining Activities	26,485	28,924	28,924	29,101
Defense Med Program Activity (DMPA)	444,569	190,077	314,410	327,800
Military Unique Other Medical Activities	163,352	97,215	182,932	197,232
Aeromedical Evacuation	78,309	81,711	74,861	79,721
Armed Forces Institute of Pathology (AFIP)	<u>41,928</u>	<u>37,982</u>	<u>37,982</u>	<u>38,724</u>
Total	\$1,357,504	\$943,233	\$1,175,912	\$1,190,212
			<u>\$1,179,322</u>	<u>\$1,241,086</u>
				<u>39,751</u>

**Defense Health Program Appropriation
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III. Financial Summary (Continued--O&M \$ in thousands):

B. Reconciliation Summary: Patient Care Support

	Change FY 1997/1998	Change FY 1997/1998	
Baseline Funding	\$943,233	\$1,190,212	
Congressional Adjustments	+232,679		
Reprogrammings/Transfers	+14,300		
Price Change	+45,727	+33,796	
Functional Transfers	+5,812		
Program Changes	-62,429	+27,968	
Current Estimate	\$1,190,212	\$1,179,322	\$1,241,086

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation of Increases and Decreases: Patient Care Support

1. FY 1997 President Budget's Request	\$943,233
2. Congressional Adjustments	+196,779
Programmatic Increase	+14,500
Red Cross	+3,400
Gulf War	+15,000
Telemedicine	+2,000
Disaster Management	+1,000
Brown Tree Snakes	+232,679
Total Congressional Adjustments	+232,679

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D. Reconciliation of Increases and Decreases: Patient Care Support (Continued)

3. FY 1997 Appropriated	\$1,175,912
4. Reprogrammings/Transfers	
Hepatitis A Contingency Operations	+20,000 -5,700
Total Reprogrammings/Transfers	+14,300
5. Program Increases	
c. Management Headquarters	+6,850
	Corrects and consolidates management headquarters costs that were budgeted in various other program elements based on Component practice to provide a more accurate picture of DHP management headquarters functions.
6. Program Decreases	
a. Aeromedical Evacuation	-6,850
	Reduction of 2,182 flying hours and associated contract logistic support due to DoD IG review of the peacetime and wartime mission of C-9A aircraft.

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D. Reconciliation of Increases and Decreases: Patient Care Support (Continued)

Total Program Decreases	-6,850
7. FY 1997 Current Estimate	\$1,190,212
6. Price Growth	+\$45,727
7. Functional Transfers	
Transfer the Joint Health Care Management Engineering Team (JHMET) from the Air Force to the Defense Health Program.	+469
Transfer Family Advocacy Program case management functions from Naval Hospitals to the Family Service Centers / Family Advocacy Centers operating under the DoD Education Activities.	-2,467
Transfers Navy Alcohol Rehabilitation Centers and alcohol functions of the Detachment Drug Alcohol Program Management Activity (<u>DAPMA</u>) program from Navy BUPERS to the DHP.	+4,488
Transfers responsibility and resources for Counseling Assistance Centers, now operating under Navy line commanders, to the DHP	+1,522
TRACES2 - Patient Evacuation Automation Support	+1,800
Total Functional Transfers	+\$5,812

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8. Program Increases
 - a. Military Public and Occupation Health +4,971

Funds Air Force occupational health special studies and demonstration projects. This initiative addresses an increased level of effort for illness identification, ergonomics and hearing conservation as well as special studies to document savings accrued by expanded occupational health programs. The studies will provide a basis for obtaining financial support for expanded occupational health programs from line Air Force.

- b. Military Unique Requirements

Frames of Choice Program (Navy). Provides eye glass frames to active duty personnel consistent with civilian sector optical industry standards and in support of the Chief of Naval Operation's (CNO) goal for improved quality of life +1,764

Drop in Child Care (Navy). Provides drop-in child care services within the Medical Treatment Facility (MTF), or in close proximity to the MTF, for Active Duty families during medical appointments. +1,922

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Omnibus Preventive Care Program (Navy). Implements the “Put Prevention into Practice” (PPIP) health promotion program which ensures clinical preventive services are delivered and reinforces the patient’s responsibility to maintain a healthy lifestyle. Funding supports individual health risk assessments, PPIP requirements (screening, counseling, intervention, tracking and monitoring effectiveness of clinical services); and self-care/demand reduction.

Surface Warfare Institute of Medicine (Navy). Provides professional and technical support and consultative services for Surface and Fleet Marine Force (FMF) Units concerning medical matters worldwide as well as operational readiness training for Surface and FMF forces.

Contingency Operations

c. Aeromedical Evacuation - Patient Movement Equipment.

Upgrades and standardizes patient movement equipment to allow patients to be moved out of theater under a 15-day evacuation policy as prescribed in the Defense Planning Guidance.

d. Defense Medical Program Activity (DMPA)

Business Process Review

Total Program Increases

+1,091

+22,748

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9. Program Decreases

- a. Reverse FY 1997 One-Time Congressional Increases -37,279
 - Red Cross -15,057
 - Gulf War -3,531
 - Telemedicine -15,576
 - Disaster Management -2,077
 - Brown Tree Snakes -1,038
- b. Military Unique Other Medical Activities -27,300
 - Hepatitis "A" and Varicella Vaccine. Decrease reflects FY1997 one-time costs associated with the initial immunization program.
- c. Aeromedical Evacuation -4,426
 - Reduction of 1,882 flying hours and associated contract logistics support due to reassessment of the peacetime and wartime mission of C-9A aircraft.
- d. Management Headquarters -350
 - Decrease represents a 1% reduction in management headquarters functions.

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- e. Other Health Activities, Military Public/Occupational Health,
Military Unique Other Medical Activities -15,822

Decrease reflects the reduced level of effort associated with decreases
in the population supported due to force structure downsizing

Total Program Decreases	-85,177
10. FY 1998 Budget Request	\$1,179,322
11. Price Growth	+33,796
12. Program Increases	
a. Military Public and Occupational Health	
Total Force Preventive Medicine: Pre/Post Deployment Initiative. Monitors personnel health (physical exams, lab tests, medical histories, etc.) of USAF personnel before, during and after deployment to meet tasking for global surveillance of communicable diseases (Air Force).	+12,000
Epidemiological Support. Provides disease surveillance, health threat assessments, and disease outbreak investigations.	+16,969
Total Program Increases	+28,969

**Defense Health Program Appropriation
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- | | | |
|--|--------|-------------|
| 13. Program Decreases | | |
| a. Other Health Activities, Military Public/Occupational Health,
Military Unique Other Medical Activities | -1,001 | |
| Decrease reflects the reduced level of effort associated with decreases
in the population supported due to force structure downsizing | | |
| Total Program Decreases | | -1,001 |
| 14. FY 1999 Budget Request | | \$1,241,086 |

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IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	Change <u>FY97/FY98</u>	Change <u>FY98/FY99</u>
Active Duty Population - World Wide	1,642,456	1,611,823	1,590,196	1,579,765	-21,627	-10,431
Veterinary Activities						
Veterinary lab procedures	201	215	215	215	0	0
Pounds of food inspected (millions)	1,559	1,550	1,325	1,258	-225	-67
Examining Activities						
MEPS and DoDMERB Workload (thousands of medical exams)	427	459	446	453	-13	+7
Military Unique Other Medical Activities						
Spectacles/Inserts fabricated (thousands of pairs)	938	888	877	853	-11	-24
Aeromedical Evacuation						
Air Force Flying Hours	22,967	20,796	18,914	18,914	-1,882	0
Army Flying Hours	3,000	3,000	3,000	3,000	0	0

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FY 1998/1999 Biennial Budget Estimates
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V. Personnel Summary 1/

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
Active Military End Strength /1						
Officer	3,209	3,209	3,164	3,173	-45	9
Enlisted	7,312	7,656	7,402	7,423	-254	21
Total Military	10,521	10,865	10,566	10,596	-299	30
Civilian End Strength /1						
U.S. Direct Hire	6,926	6,654	6,425	6,289	-229	-136
Foreign National Direct Hire	102	91	90	90	-1	0
Total Direct Hire	7,028	6,745	6,515	6,379	-230	-136
Foreign National Indirect Hire	389	393	391	391	-2	0
Total Civilians	7,417	7,138	6,906	6,770	-232	-136
Active Military Workyears						
Officer	3,124	3,209	3,187	3,169	-22	-18
Enlisted	7,111	7,484	7,529	7,413	45	-116
Total Military Workyears	10,235	10,693	10,716	10,582	23	-134
Civilian Workyears						
U.S. Direct Hire	6,908	6,618	6,433	6,195	-185	-238
Foreign National Direct Hire	127	91	90	90	-1	0
Total Direct Hire	7,035	6,709	6,523	6,285	-186	-238
Foreign National Indirect Hire	375	407	398	397	-9	-1
Total Civilian Workyears	7,410	7,116	6,921	6,682	-195	-239

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Patient Care Support						
308 Travel of Persons	40374	3	2.20	888	145	41410
399 Total Travel	40374	3		888	145	41410
401 DFSC Fuel	16418	0	1.30	213	-379	16252
402 Service Fund Fuel	122	0	1.30	2	-80	44
411 Army Sup & Mat	8312	0	-6.00	-499	6121	13934
412 Navy Sup & Mat	2016	0	8.60	173	-969	1220
414 AF Sup & Mat	332	0	-1.20	-4	85	413
415 DLA Sup & Mat	7646	0	-2.10	-161	-2854	4631
416 GSA Sup & Mat	7250	0	2.20	160	-1510	5900
417 Local Proc Sup & Mat	37517	0	2.20	825	24488	62830
499 Total Sup & Mat	79613	0		709	24902	105224
502 Army Fund Eqipt	1792	0	-6.00	-108	385	2069
503 Navy Fund Eqipt	53	0	8.60	5	2	60
505 AF Fund Eqipt	6120	0	-1.20	-73	-1960	4087
506 DLA Fund Eqipt	226	0	-2.10	-5	316	537
507 GSA Fund Eqipt	1719	0	2.20	38	-338	1419
599 Total Fund Eqipt	9910	0		-143	-1595	8172
602 Army Depot Cnd Maint	5	0	6.90	0	-5	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	13	0	-7.30	-1	0	12
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Civil Engnr Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pnt Svc	3659	0	9.40	344	-739	3264

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Price Growth Amount	Program Growth	FY1997 Program
L1N1 Patient Care Support								
634 Nav Pub Wrks Ctr: Utilities	0			-0.30		0		0
635 Nav Pub Wrks Ctr: Pub Wrks	58	0		2.10	1	1		60
637 Naval Shipyards	9	0		14.50	1	0		10
653 Airlift Svcs Trng & Ops	17953	0		29.40	5278	-6039		17192
671 Communications Svc	130	0		-4.30	-6	-114		10
673 Def Finance & Acct Svc	0	0		11.40	0	0		0
679 Cost Reimbursible Svc	0	0		2.20	0	0		0
699 Total Purchases	21827	0			5617	-6896		20548
701 MAC Cargo	0	0		3.00	0	0		0
702 MAC SAAM	238	0		-0.50	-1	-16		221
711 MSC Cargo	0	0		11.20	0	0		0
721 MTMC Port Handling	0	0		-6.80	0	0		0
725 MTMC Other	86	0		7.80	7	-93		0
771 Commercial Transportation	2317	0		2.20	51	-1040		1328
799 Total Transportation	2641	0			57	-1149		1549
9XX Civ Pay Reimburs Host	288056	-21		3.00	8641	-14560		282116
901 Foreign Nat Ind Hire	11872	211		3.00	362	2420		14865
902 Separation Liability	4447	0		3.00	133	-1888		2692
912 Rental Pay to GSA	4603	0		2.20	101	-1034		3670
913 Purchased Utilities	129	0		2.20	3	0		132
914 Purchased Communica	9458	0		2.20	208	453		10119
915 Rents non GSA	2166	-1		2.20	48	-435		1778
917 Postal Svcs	384	0		2.50	10	-127		267
920 Supplies & Mat	63470	12		2.20	1397	-32380		32499
921 Printing & Reproduct	2869	0		2.20	63	-325		2607

PCS

6.2

Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program Growth
LINE Patient Care Support					
922 Equip Maint Contract	25002	2	2.20	550	-4957
923 Facility Maint Contract	643	0	2.20	14	-569
925 Equip Purchases	43658	0	2.20	960	-20538
926 Overseas Purchases	24	0	2.20	1	-1
930 Other Depot Maint	29130	0	2.20	641	-1274
931 Contract Consultants	6	0	2.20	0	0
932 Mgmt & Prof Spt Svc	8470	0	2.20	186	-1540
933 Studies Analysis Eval	11874	0	2.20	261	9169
934 Engineering Tech Svc	7	0	2.20	0	-7
937 Fuel	46	0	2.20	1	11
988 Grants	858	0	2.20	19	-397
989 Other Contracts	690058	12	3.90	26913	-158409
998 Other Costs*	5909	0	2.20	130	-4299
999 Total Purchases	1203139	215	2.20	40642	-230687
9999 TOTAL	1357504	218	2.20	47770	-215280
				1190212	1190212

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Patient Care Support						
308 Travel of Persons	41410	0	2.10	870	-284	41996
399 Total Travel	41410	0	2.10	870	-284	41996
401 DFSC Fuel	16252	0	19.70	3202	-2744	16710
402 Service Fund Fuel	44	0	19.70	9	-6	47
411 Army Sup & Mat	13934	0	2.30	320	-1156	13098
412 Navy Sup & Mat	1220	0	26.30	321	-242	1299
414 AF Sup & Mat	413	0	19.30	80	-85	408
415 DLA Sup & Mat	4631	0	1.60	74	-1244	3461
416 GSA Sup & Mat	5900	0	2.10	124	13	6037
417 Local Proc Sup & Mat	62830	0	2.10	1319	1412	65561
499 Total Sup & Mat	105224	0	2.10	5449	-4052	106621
502 Army Fund Equip	2069	0	2.30	48	-172	1945
503 Navy Fund Equip	60	0	26.30	16	-28	48
505 AF Fund Equip	4087	0	19.30	789	6123	10999
506 DLA Fund Equip	537	0	1.60	9	-25	521
507 GSA Fund Equip	1419	0	2.10	30	-70	1379
599 Total Fund Equip	8172	0	2.10	892	5828	14892
602 Army Depot Cnd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	12	0	6.80	1	-2	11
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Prnt Svc	3264	0	-4.00	-131	468	3601

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Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Patient Care Support					
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	60	0	0.30	0	-28
637 Naval Shipyards	10	0	19.60	2	10
653 Airlift Svcs Trng & Ops	17192	0	19.80	3404	-3009
671 Communications Svc	10	0	-11.00	-1	9
673 Def Finance & Acct Svc	0	0	-12.60	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	20548	0	3275	-2573	21250
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	221	0	17.80	39	-40
711 MSC Cargo	0	0	9.30	0	0
721 MTMC Port Handling	0	0	5.70	0	0
725 MTMC Other	0	0	-7.90	0	0
771 Commercial Transportation	1328	0	2.10	28	2
799 Total Transportation	1549	0	67	-38	1578
9XX Civ Pay Reimburs Host	282116	0	2.85	8040	-9069
901 Foreign Nat Ind Hire	14865	0	2.85	424	-382
902 Separation Liability	2692	0	2.85	77	-436
912 Rental Pay to GSA	3670	0	0.00	0	138
913 Purchased Utilities	132	0	2.10	3	0
914 Purchased Communica	10119	0	2.10	212	121
915 Rents non GSA	1778	0	2.10	37	8
917 Postal Svcs	267	0	0.00	0	5
920 Supplies & Mat	32499	0	2.10	682	2205
921 Printing & Reproduct	2607	0	2.10	55	16

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Amount	FY1998 Program
LINE Patient Care Support					
922 Equip Maint Contract	20597	0	2.10	433	2818
923 Facility Maint Contract	88	0	2.10	2	23848
925 Equip Purchases	24080	0	2.10	506	0
926 Overseas Purchases	24	0	2.10	1	1017
930 Other Depot Maint	28497	0	2.10	598	0
931 Contract Consultants	6	0	2.10	0	-2735
932 Mgmt & Prof Spt Svc	7116	0	2.10	149	0
933 Studies Analysis Eval	21304	0	2.10	447	15
934 Engineering Tech Svc	0	0	2.10	0	7280
937 Fuel	58	0	2.10	0	3204
988 Grants	480	0	2.10	10	24955
989 Other Contracts	558574	0	4.20	23460	0
998 Other Costs*	1740	0	2.10	37	0
999 Total Purchases	1013309	0		35174	0
999 TOTAL	1190212	0		45727	-56617
					1179322

Defense Health Program Appropriation
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Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Patient Care Support								
308 Travel of Persons	41996	0	2.10	882	-79	882	-79	42099
399 Total Travel	41996	0						42099
401 DFSC Fuel	16710	0	-4.40	-735	211	16186		
402 Service Fund Fuel	47	0	-4.40	-2	3	48		
411 Army Sup & Mat	13098	0	2.20	288	-1074	12312		
412 Navy Sup & Mat	1299	0	-3.00	-39	151	1411		
414 AF Sup & Mat	408	0	0.00	0	-5	403		
415 DLA Sup & Mat	3461	0	-1.00	-35	-35	3391		
416 GSA Sup & Mat	6037	0	2.10	127	8	6172		
417 Local Proc Sup & Mat	65561	0	2.10	1377	13897	80835		
499 Total Sup & Mat	106621	0		981	13156	120758		
502 Army Fund Equip	1945	0	2.20	43	-161	1827		
503 Navy Fund Equip	48	0	-3.00	-1	5	52		
505 AF Fund Equip	10999	0	0.00	0	-132	10867		
506 DLA Fund Equip	521	0	-1.00	-5	-6	510		
507 GSA Fund Equip	1379	0	2.10	29	1	1409		
599 Total Fund Equip	14892	0		66	-293	14665		
602 Army Depot Cmd Maint	0	0	0.50	0	0	0		
611 Naval Surface War Ctr	0	0	-0.70	0	0	0		
615 Data Automat Ctr Navy	11	0	2.60	0	-1	10		
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0		
630 Naval Rsch Lab	0	0	12.10	0	0	0		
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0		
633 Naval Pub & Prnt Svc	3601	0	2.70	97	367	4065		

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Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Patient Care Support					
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	32	0	0.20	0	1
637 Naval Shipyards	10	0	-10.80	-1	33
653 Airlift Svcs Tmg & Ops	17587	0	-2.50	-440	11
671 Communications Svc	9	0	-12.30	-1	17974
673 Def Finance & Acct Svc	0	0	-0.10	0	8
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	21250	0	-345	1196	22101
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	220	0	-1.50	-3	219
711 MSC Cargo	0	0	4.80	0	0
721 MTMC Port Handling	0	0	-1.20	0	0
725 MTMC Other	0	0	-0.30	0	0
771 Commercial Transportation	1358	0	2.10	29	1388
799 Total Transportation	1578	0	-345	26	1607
9XX Civ Pay Reimbs Host	281087	0	2.20	6184	-11263
901 Foreign Nat Ind Hire	14907	0	2.20	328	276008
902 Separation Liability	2333	0	2.20	51	15176
912 Rental Pay to GSA	3808	0	0.00	0	2442
913 Purchased Utilities	135	0	2.10	3	3949
914 Purchased Communica	10452	0	2.10	219	148
915 Rents non GSA	1823	0	2.10	38	10538
917 Postal Svcs	272	0	0.00	0	1868
920 Supplies & Mat	35386	0	2.10	743	7
921 Printing & Reproduct	2678	0	2.10	56	7
					24
					2758

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

<u>FY1998 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1999 Program Growth</u>
LINE Patient Care Support					
922 Equip Maint Contract	23848	0	2.10	501	-7180
923 Facility Maint Contract	90	0	2.10	2	0
925 Equip Purchases	25603	0	2.10	538	249
926 Overseas Purchases	25	0	2.10	1	0
930 Other Depot Maint	26360	0	2.10	554	644
931 Contract Consultants	6	0	2.10	0	0
932 Mgmt & Prof Spt Svc	7280	0	2.10	153	6
933 Studies Analysis Eval	24955	0	2.10	524	7
934 Engineering Tech Svc	0	0	2.10	0	4113
937 Fuel	59	0	2.10	1	0
988 Grants	491	0	2.10	10	0
989 Other Contracts	529549	0	4.20	22241	26126
998 Other Costs*	1838	0	2.10	39	10
999 Total Purchases	992985	0		32186	14685
9999 TOTAL	1179322	0		33796	27968
					1241086

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Program

- I. Description of Operations Financed:** The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) is a worldwide health care cost-sharing program covering approximately 5.3 million eligible beneficiaries. The TRICARE Support Office (TSO), located in Aurora, Colorado, is responsible for the overall management and supervision of this program. In 1993, the Department began the transition to the managed care concept of integrating the CHAMPUS standard benefits program with the military medical treatment facilities on a regional basis as part of its managed care initiative, TRICARE. The majority of the standard CHAMPUS program requirements in this sub-activity group will gradually be absorbed into the Managed Care Support (MCS) contracts sub-activity group as the regional contracts are implemented. This sub-activity group includes the benefits required for those beneficiaries not covered by the Managed Care Support Contracts sub-activity group plus the pipeline benefits costs incurred during the transition period from standard CHAMPUS benefits coverage to Managed Care Support. It also includes the Continuing Health Education/ Capitalization of Assets programs, the Family Member Dental program, the Fiscal Intermediary claims processing costs, Mail Order Pharmacy Program, Investigational Demonstrations (Breast Cancer) and Base Realignment and Closure (BRAC) related Medicare Pharmacy requirements.
- II. Force Structure Summary:** The CHAMPUS program provides for the worldwide health care of eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty from civilian health care facilities. CHAMPUS also includes care received by beneficiaries of the Veterans Administration, the Department of Health and Human Services, U.S. Coast Guard, and the National Oceanographic and Atmospheric Administration on a reimbursable basis. This sub-activity group funds the costs of the standard CHAMPUS benefits program requirements and claims processing costs. This program's funding profile will decline as the MCS contracts are implemented and funds are realigned from this sub-activity to the MCS contracts sub-activity.
- III. Financial Summary (O&M \$ in thousands):**

A. Sub-Activity Group

	FY 1997			FY 1998			FY 1999		
	Budget Request	Appropriation	Current Estimate	FY 1998 Estimate	Current Estimate	FY 1999 Estimate			
CHAMPUS Program (Standard Benefits)	2,026,225	1,048,700	1,048,700	1,630,600	735,120	393,424			

Defense Health Program Appropriation FY 1998/1999 Biennial Budget Estimates Operation and Maintenance

B. Reconciliation Summary - Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Program

	<u>Change</u>	<u>Change</u>	<u>Change</u>
	<u>FY 1997/1998</u>	<u>FY 1998/1999</u>	<u>FY 1999/2000</u>
Baseline Funding	1,048,700	1,630,600	735,120
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	68,485	30,875
Functional Transfers	0	0	0
Program Changes	581,900	-963,965	-372,571
Current Estimate		1,630,600	735,120

C. OP-32 Line Item (See Exhibit OP-32)

(Dollars in Thousands)

- | | |
|---------------------------------------|-------------|
| 1. FY 1997 President's Budget Request | \$1,048,700 |
| 2. FY 1997 Appropriated Amount | \$1,048,700 |
| 3. Program Increases | \$631,400 |
| a. Standard CHAMPIUS Benefits | \$600,600 |

In the original budget request, all Managed Care Support (MCS) contracts were projected to start by FY 97. Currently, Regions 7/8 contract is estimated to start in mid FY 97. The last two contracts are

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)

now projected to start in the first quarter of FY98. This increase reflects the standard CHAMPUS benefits required until these contracts are implemented. The MCS contracts requirements are adjusted downward in FY97 to reflect the contracts' slippage.

b. Related Benefits Requirements	130,800	\$-49,500
		-5,100
a. Family Member Dental Program		
		-44,400
The Continuing Health Education/Capitalization of Assets Program and the Fiscal Intermediary claims processing requirements associated with the standard CHAMPUS benefits increase accordingly. Again, MCS contract requirements are reduced to reflect this program realignment.		
Program requirements are adjusted for the projected beneficiary enrollment for FY97 based on the FY96 actual enrollment.		
4. Program Decreases		
a. Family Member Dental Program		
b. Revised Pipeline Requirements		
The original budget request included pipeline requirements for the last two contracts which were scheduled to start in FY97. These requirements have now been deferred to FY98. Region 7/8 contract pipeline costs are still required in FY97 and are included in the FY97 current estimate.		
5. FY 1997 Current Estimate		\$1,630,600
6. Price Growth		\$68,485

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)
7. Program Increases
a. Pipeline Requirements
Reflects the pipeline benefits requirements for MCS contracts in Regions 1 and 2/5.
b. Investment Demonstration Program
Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer. An increase in participants is projected as the demonstration expands in scope.
8. Program Decreases
a. Pipeline Costs
Reflects a decrease for the one-time required pipeline costs for Regions 3/4 and 7/8 in FY97.
b. Standard CHAMPUS Benefits
All MCS contracts will be implemented by FY98 and benefits requirements for all twelve Health Service Regions (HSR) will be reflected in the MCS benefits line. Only those geographical locations not covered by MCS contracts will remain as standard benefits requirements.
c. Related Benefits Requirements
Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits.

OP 5 Part 2 CHAMPUS Program (Page 4 of 6)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

	(Dollars in Thousands)
9 FY 1998 Current Estimate	\$735,120
10. Price Growth	\$30,875
11. Program Increases	\$2,400
a. Investment Demonstration Program	
Continued expansion of clinical trials and an increase of participants are anticipated with this program.	
12. Program Decreases	-\$374,971
a. Pipeline Requirements	-233,200
FY98 one time pipeline costs for regions 1 and 2/5 MCS contracts are eliminated. There are no pipeline requirements for any of the MCS contracts after this point.	
b. Standard CHAMPUS Benefits	-99,371
Remaining FY98 Standard CHAMPUS benefits costs are eliminated for the last two regional contracts as they are now fully implemented in FY99.	
c. Related Benefits Requirements	-42,400

The CHE/CAP and FI requirements associated with the Standard CHAMPUS benefits are further reduced as the last two contracts come on-line. A minimal requirement for these costs remains in the outyears to cover the geographical areas not included in the MCS contract requirements.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

13 FY 1999 Current Request

(Dollars in Thousands)

\$393,424

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	Change <u>FY97/FY98</u>	Change <u>FY98/FY99</u>
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CHAMPUS Workload*

- * All Managed Care Support (MCS) contracts will be implemented by FY98, leaving only those geographical areas not covered by a contract. Any workload reported and compared from year to year would be skewed by the phased implementation of the MCS contracts and the decline in the standard CHAMPUS benefits program.

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE CHAMPUS	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1997 Program Growth	FY1997 Program
308 Travel of Persons		17	0	2.20	0	0
399 Total Travel		17	0	0	-17	0
401 DFSC Fuel	0	0	0	1.30	0	0
402 Service Fund Fuel	0	0	0	1.30	0	0
411 Army Sup & Mat	0	0	0	-6.00	0	0
412 Navy Sup & Mat	0	0	0	8.60	0	0
414 AF Sup & Mat	0	0	0	-1.20	0	0
415 DLA Sup & Mat	0	0	0	-2.10	0	0
416 GSA Sup & Mat	0	0	0	2.20	0	0
417 Local Proc Sup & Mat	9	0	0	2.20	0	-9
499 Total Sup & Mat	9	0	0	0	-9	0
502 Army Fund Equip	0	0	0	-6.00	0	0
503 Navy Fund Equip	0	0	0	8.60	0	0
505 AF Fund Equip	15	0	0	-1.20	0	-15
506 DLA Fund Equip	0	0	0	-2.10	0	0
507 GSA Fund Equip	0	0	0	2.20	0	0
599 Total Fund Equip	15	0	0	0	-15	0
602 Army Depot Cmd Maint	0	0	0	6.90	0	0
611 Naval Surface War Ctr	0	0	0	-2.50	0	0
615 Data Automat Ctr Navy	0	0	0	-7.30	0	0
620 Fleet Aux Ships Navy	0	0	0	2.20	0	0
630 Naval Rsch Lab	0	0	0	5.30	0	0
631 Naval Civil Engnr Ctr	0	0	0	-6.50	0	0
633 Naval Pub & Pmt Svc	0	0	0	9.40	0	0

CHAMPUS

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program	
					Line	Champus
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0	0
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Tmg & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	0	0	0	0	0	0
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	0	0	2.20	0	0	0
799 Total Transportation	0	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	3.00	0	0	0
901 Foreign Nat Ind Hire	0	0	3.00	0	0	0
902 Separation Liability	0	0	3.00	0	0	0
912 Rental Pay to GSA	0	0	2.20	0	0	0
913 Purchased Utilities	0	0	2.20	0	0	0
914 Purchased Communica	0	0	2.20	0	0	0
915 Rents non GSA	5	0	2.20	0	-5	0
917 Postal Svcs	0	0	2.50	0	0	0
920 Supplies & Mat	1	0	2.20	0	-1	0
921 Printing & Reproduct	1	0	2.20	0	-1	0

CHAMPUS

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**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE CHAMPUS					
922 Equip Maint Contract	0	0	2.20	0	0
923 Facility Maint Contract	0	0	2.20	0	0
925 Equip Purchases	2	0	2.20	0	-2
926 Overseas Purchases	0	0	2.20	0	0
930 Other Depot Maint	0	0	2.20	0	0
931 Contract Consultants	0	0	2.20	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0
933 Studies Analysis Eval	0	0	2.20	0	0
934 Engineering Tech Svc	0	0	2.20	0	0
937 Fuel	0	0	2.20	0	0
988 Grants	0	0	2.20	0	0
989 Other Contracts	2026175	0	3.90	79021	-474596
998 Other Costs*	0	0	2.20	0	0
999 Total Purchases	2026184	0		79021	-474605
999 TOTAL	2026225	0		79021	-474646
					1630600

CHAMPUS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE CHAMPUS	FY1997 Program	Foreign Currency Adjust		Price Growth Percent		Price Growth Amount		Program Growth		FY1998 Program	
		308 Travel of Persons	399 Total Travel	0	0	2.10	0	0	0	0	0
401 DFSC Fuel	0	0	0	0	0	19.70	0	0	0	0	0
402 Service Fund Fuel	0	0	0	0	0	19.70	0	0	0	0	0
411 Army Sup & Mat	0	0	0	0	0	2.30	0	0	0	0	0
412 Navy Sup & Mat	0	0	0	0	0	26.30	0	0	0	0	0
414 AF Sup & Mat	0	0	0	0	0	19.30	0	0	0	0	0
415 DLA Sup & Mat	0	0	0	0	0	1.60	0	0	0	0	0
416 GSA Sup & Mat	0	0	0	0	0	2.10	0	0	0	0	0
417 Local Proc Sup & Mat	0	0	0	0	0	2.10	0	0	0	0	0
499 Total Sup & Mat	0	0	0	0	0	0	0	0	0	0	0
502 Army Fund Equip	0	0	0	0	0	2.30	0	0	0	0	0
503 Navy Fund Equip	0	0	0	0	0	26.30	0	0	0	0	0
505 AF Fund Equip	0	0	0	0	0	19.30	0	0	0	0	0
506 DLA Fund Equip	0	0	0	0	0	1.60	0	0	0	0	0
507 GSA Fund Equip	0	0	0	0	0	2.10	0	0	0	0	0
599 Total Fund Equip	0	0	0	0	0	0	0	0	0	0	0
602 Army Depot Cmd Maint	0	0	0	0	0	4.00	0	0	0	0	0
611 Naval Surface War Ctr	0	0	0	0	0	12.20	0	0	0	0	0
615 Data Automat Ctr Navy	0	0	0	0	0	6.80	0	0	0	0	0
620 Fleet Aux Ships Navy	0	0	0	0	0	2.10	0	0	0	0	0
630 Naval Rsch Lab	0	0	0	0	0	-2.00	0	0	0	0	0
631 Naval Civil Engr Ctr	0	0	0	0	0	2.10	0	0	0	0	0
633 Naval Pub & Pmt Svc	0	0	0	0	0	-4.00	0	0	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
					Program Growth
LINE CHAMPUS					
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0
637 Naval Shipyards	0	0	19.60	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0
671 Communications Svc	0	0	-11.00	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	17.80	0	0
711 MSC Cargo	0	0	9.30	0	0
721 MTMC Port Handling	0	0	5.70	0	0
725 MTMC Other	0	0	-7.90	0	0
771 Commercial Transportation	0	0	2.10	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	2.85	0	0
901 Foreign Nat Ind Hire	0	0	2.85	0	0
902 Separation Liability	0	0	2.85	0	0
912 Rental Pay to GSA	0	0	0.00	0	0
913 Purchased Utilities	0	0	2.10	0	0
914 Purchased Communica	0	0	2.10	0	0
915 Rents non GSA	0	0	2.10	0	0
917 Postal Svcs	0	0	0.00	0	0
920 Supplies & Mat	0	0	2.10	0	0
921 Printing & Reproduct	0	0	2.10	0	0

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1998 Program Growth	FY1998 Program Growth
				Program Growth	Program Growth
LINE CHAMPUS					
922 Equipt Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equipt Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	1630600	0	4.20	68485	-963965
998 Other Costs*	0	0	2.10	0	0
999 Total Purchases	1630600	0	68485	-963965	735120
9999 TOTAL	1630600	0	68485	-963965	735120

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE CHAMPUS	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
308 Travel of Persons	0	0	2.10	0	0	0
399 Total Travel	0	0				
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	0	0	-1.00	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0	0	0	0	0
502 Army Fund Equipt	0	0	2.20	0	0	0
503 Navy Fund Equipt	0	0	-3.00	0	0	0
505 AF Fund Equipt	0	0	0.00	0	0	0
506 DLA Fund Equipt	0	0	-1.00	0	0	0
507 GSA Fund Equipt	0	0	2.10	0	0	0
599 Total Fund Equipt	0	0	0	0	0	0
602 Army Depot Cnd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	0	0	2.70	0	0	0

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Exhibit 6P-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE CHAMPUS	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1999 Program	
					Program Growth	Price Growth 0
634 Nav Pub Wrks Ctr: Utilities		0	0	-3.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks		0	0	0.20	0	0
637 Naval Shipyards		0	0	-10.80	0	0
653 Airlift Svcs Trng & Ops		0	0	-2.50	0	0
671 Communications Svc		0	0	-12.30	0	0
673 Def Finance & Acct Svc		0	0	-0.10	0	0
679 Cost Reimbursible Svc		0	0	2.10	0	0
699 Total Purchases		0	0	0	0	0
701 MAC Cargo		0	0	5.00	0	0
702 MAC SAAM		0	0	-1.50	0	0
711 MSC Cargo		0	0	4.80	0	0
721 MTMC Port Handling		0	0	-1.20	0	0
725 MTMC Other		0	0	-0.30	0	0
771 Commercial Transportation		0	0	2.10	0	0
799 Total Transportation		0	0	0	0	0
9XX Civ Pay Reimburs Host		0	0	2.20	0	0
901 Foreign Nat Ind Hire		0	0	2.20	0	0
902 Separation Liability		0	0	2.20	0	0
912 Rental Pay to GSA		0	0	0.00	0	0
913 Purchased Utilities		0	0	2.10	0	0
914 Purchased Communica		0	0	2.10	0	0
915 Rents non GSA		0	0	2.10	0	0
917 Postal Svcs		0	0	0.00	0	0
920 Supplies & Mat		0	0	2.10	0	0
921 Printing & Reproduct		0	0	2.10	0	0

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE CHAMPUS					
922 Equipt Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equipt Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	735120	0	4.20	30875	-372571
998 Other Costs*	0	0	2.10	0	0
999 Total Purchases	735120	0	30875	-372571	393424
9999 TOTAL	735120	0	30875	-372571	393424

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Exhibit OP-32

Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance

Detail By Sub-Activity Group: Health Care Support Contracts (Managed Care Support Contracts)

- I. Description of Operations Financed:** In 1993, the Department began a transition to the managed care concept of operation by adding several new components to its health care program. This managed care program, designated TRICARE, integrates the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with the military medical treatment facilities on a regional basis. TRICARE realigns the Military Health Services System into 12 DoD health care regions under the guidance of a designated Lead Agent. The Lead Agent's role and responsibilities include coordinating the development and implementation of a regional, joint-service health plan and administering the Managed Care Support (MCS) contract for the entire region. The MCS initiative, a significant component of the TRICARE program, will transition the purchase of health care and support services from civilian sources under the basic CHAMPUS program (fee-for-service) to a fixed-price at-risk contract. Seven MCS contracts (for the 12 regions) will be procured centrally by the TRICARE Support Office (formerly Office of CHAMPUS) and all are currently scheduled for implementation by the first quarter of FY98. Implementation of these health care contracts will improve access to care, ensure that DoD beneficiaries obtain the highest quality of care, enhance the military hospitals' current capability through carefully-controlled contractor support, and contain health care costs.

- II. Force Structure Summary:** This program funds the costs of the seven MCS contracts that will be negotiated and procured by the TRICARE Support Office (TSO). Four contracts have already been implemented. The fifth contract will be implemented mid FY97. The last two contracts are projected to start in the first quarter of FY98. This program will provide for health care to eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty purchased within the 12 Health Service Regions (HSRs) under the uniform TRICARE triple option benefit plan. Under the uniform triple-option plan, eligible beneficiaries can enroll in a health maintenance organization (HMO) type plan -- TRICARE Prime, they can use the civilian preferred provider network on a case-by-case basis -- TRICARE Extra, or they can remain in the standard CHAMPUS benefit plan -- TRICARE Standard.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1997			FY 1998	FY 1999
	Budget Request	Appropriation	Current Estimate	Estimate	Estimate
Managed Care Support Contracts	1,252,621	2,439,900	2,439,900	1,858,000	2,848,888

Managed Care Support Contracts

Defense Health Program
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Operation and Maintenance

B. Reconciliation Summary - Health Care Support Contracts (Managed Care Support Contracts)

	Change <u>FY 1997/1997</u>	Change <u>FY 1997/1998</u>	Change <u>FY 1998/1999</u>
Baseline Funding	2,439,900	1,858,000	2,848,888
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	78,036	119,653
Functional Transfers	0	0	0
Program Changes	-581,900	912,852	-345,412
Current Estimate	1,858,000	2,848,888	2,623,129

C. OP-32 Line Item (See Exhibit OP-32)

D. Reconciliation of Increases and Decreases (Dollars in Thousands)

1. FY 1997 President's Budget Request \$2,439,900
2. FY 1997 Appropriated Amount \$2,439,900
3. Program Increases \$13,200
 - a. MCS Startup Costs

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Startup costs for regions 1 and 2/5 MCS contracts increase based on revised contract costs.

D. Reconciliation of Increases and Decreases (continued)

		(Dollars in Thousands)
4.	Program Decreases	-\$595,100
a.	Region 3/4 MCS Contract Award	-64,200
b.	Revised MCS Contracts Requirement	-530,900
	Region 3/4 MCS contract estimate is revised to reflect the actual award bid price.	
5.	FY 1997 Current Estimate	\$1,858,000
6.	Price Growth	\$78,036
7	Program Increases	\$991,452
a.	MCS Contract Implementation	

Due to the delay in startup of regions 7/8, 1 and 2/5 MCS contracts in FY97, the projected benefits and Lead Agent (CHAMPUS portion) costs are decreased accordingly. Standard CHAMPUS benefits have been increased to reflect this delay.

Increase reflects all seven MCS contracts being implemented by FY98. The standard CHAMPUS benefits program reflects an offsetting decrease in FY98 requirements. This increase includes Lead Agent costs associated with these contracts as well as Continuing Health Education/Capitalization of Assets (CHE/CAP) and Fiscal Intermediary (FI) claims processing costs which are part of the total MCS contract cost.

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
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D. Reconciliation of Increases and Decreases (continued)

	(Dollars in Thousands)
8. Program Decreases	\$-78,600
a. One time Startup Costs	-61,100
One time startup costs in FY97 for regions 1 and 2/5 MCS contracts are eliminated.	
b. TRICARE Pharmacy Network Savings	-17,500
Pharmaceuticals purchased by the MCS contractors will be covered by the preferred pricing levels applicable to governmental agency purchases. This initiative has been estimated to save \$17.5 million in FY98 on the pharmacy costs associated with these contracts.	
9. FY 1998 Current Estimate	\$2,848,888
10. Price Growth	\$119,653
11. Program Increases	\$7,400
a. Startup Costs for Region 11 Contract	
The region 11 MCS contract is due for renegotiation in FY99. Startup costs are programmed to cover a change in contractor pending award.	
12. Program Decreases	\$-352,812

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

a. Reduced MCS Contracts Health Care Costs

In total, the MCS contract requirements decrease \$352.8 million in FY99. The realignment of the remaining FY98 standard CHAMPUS benefits costs to the MCS program for the last two contracts equals \$119.4 million. This is offset by the projected reduction in health care and administrative cost for these contracts resulting from their competitive price structure (\$472.2 million). The net reduction in MCS costs is \$352.8 million.

13. FY 1999 Current Estimate

\$2,623,129

(Dollars in Thousands)

Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
CHAMPUS Eligibles Covered by Managed Care Support Contracts*						
	2,671,925	3,359,961	4,933,530	4,911,722	1,573,569	-21,808
Number of Contracts Implemented		4	5	7	7	

* Data is based on the start date of delivered health care services (six months after contract award)

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	LINE Managed Care Support	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1997 Program	
					Price Growth Percent	Program Growth
308 Travel of Persons	0	0	2.20	0	0	0
399 Total Travel	0	0		0	0	0
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Managed Sup & Mat	0	0	-6.00	0	0	0
412 Navy Managed Sup & Mat	0	0	8.60	0	0	0
414 AF Managed Sup & Mat	0	0	-1.20	0	0	0
415 DLA Managed Sup & Mat	0	0	-2.10	0	0	0
416 GSA Managed Sup & Mat	0	0	2.20	0	0	0
417 Local Proc Sup & Mat	0	0	2.20	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipment	0	0	-6.00	0	0	0
503 Navy Fund Equipment	0	0	8.60	0	0	0
505 AF Fund Equipment	0	0	-1.20	0	0	0
506 DLA Fund Equipment	0	0	-2.10	0	0	0
507 GSA Managed Equipment	0	0	2.20	0	0	0
599 Total Fund Equip Purc	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Navy Info Svc	0	0	-7.30	0	0	0
620 Fleet Aux Force	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Fac Engr Svc	0	0	-6.50	0	0	0
633 Def Pub & Prnt Svc	0	0	9.40	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1997 Program	Price Growth Program Growth	FY1997 Program Growth
					Program Growth	
LINE Managed Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30		0	
635 Nav Pub Wrks Cr: Pub Wrks	0	0	2.10		0	
637 Naval Shipyards	0	0	14.50		0	
653 Airlift Svcs Tmg & Ops	0	0	29.40		0	
671 Communications Svc	0	0	-4.30		0	
673 Def Finance & Acct Svc	0	0	11.40		0	
679 Cost Reimbursible Svc	0	0	2.20		0	
699 Total Purchases	0	0	0		0	
701 MAC Cargo	0	0	3.00		0	
702 MAC SAAM	0	0	-0.50		0	
711 MSC Cargo	0	0	11.20		0	
721 MTMC Port Handling	0	0	-6.80		0	
725 MTMC Other	0	0	7.80		0	
771 Commercial Transportation	0	0	2.20		0	
799 Total Transportation	0	0	0		0	
9XX Civ Pay Reimburs Host	0	0	3.00		0	
901 Foreign Nat Ind Hire	0	0	3.00		0	
902 Separation Liability	0	0	3.00		0	
912 Rental Pay to GSA	0	0	2.20		0	
913 Purchased Utilities	0	0	2.20		0	
914 Purchased Communications	0	0	2.20		0	
915 Rents non GSA	0	0	2.20		0	
917 Postal Svcs	0	0	2.50		0	
920 Supplies & Mat	0	0	2.20		0	
921 Printing & Reproduct	0	0	2.20		0	

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	LINE Managed Care Support	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
922 Equip Maint Contract	0	0	2.20	0	0	0
923 Facility Maint Contract	0	0	2.20	0	0	0
925 Equip Purchases	0	0	2.20	0	0	0
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Locally Purchased Fuel	0	0	2.20	0	0	0
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	1252621	0	3.90	48852	556527	1858000
998 Other Costs*	0	0	2.20	0	0	0
999 Total Purchases	1252621	0		48852	556527	1858000
9999 TOTAL	1252621	0		48852	556527	1858000

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Managed Care Support					
308 Travel of Persons	0	0	0	0	0
399 Total Travel	0	0	0	0	0
401 DFSC Fuel	0	0	19.70	0	0
402 Service Fund Fuel	0	0	19.70	0	0
411 Army Managed Sup & Mat	0	0	2.30	0	0
412 Navy Managed Sup & Mat	0	0	26.30	0	0
414 AF Managed Sup & Mat	0	0	19.30	0	0
415 DLA Managed Sup & Mat	0	0	1.60	0	0
416 GSA Managed Sup & Mat	0	0	2.10	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0
499 Total Sup & Mat	0	0	0	0	0
502 Army Fund Equipment	0	0	2.30	0	0
503 Navy Fund Equipment	0	0	26.30	0	0
505 AF Fund Equipment	0	0	19.30	0	0
506 DLA Fund Equipment	0	0	1.60	0	0
507 GSA Managed Equipment	0	0	2.10	0	0
599 Total Fund Equip Purc	0	0	0	0	0
602 Army Depot Cmd Maint	0	0	4.00	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0
615 Navy Info Svc	0	0	6.80	0	0
620 Fleet Aux Force	0	0	2.10	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0
631 Naval Fac Engrn Svc	0	0	2.10	0	0
633 Def Pub & Pmt Svc	0	0	-4.00	0	0

MCS

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1998 Program Growth
L1NE Managed Care Support					
634 Nav Pub Wrks Ctr: Utilities	0	0	0	-1.00	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0	0.30	0
637 Naval Shipyards	0	0	0	19.60	0
653 Airlift Svcs Trng & Ops	0	0	0	19.80	0
671 Communications Svc	0	0	0	-11.00	0
673 Def Finance & Acct Svc	0	0	0	-12.60	0
679 Cost Reimbursible Svc	0	0	0	2.10	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	0	5.00	0
702 MAC SAAM	0	0	0	17.80	0
711 MSC Cargo	0	0	0	9.30	0
721 MTMC Port Handling	0	0	0	5.70	0
725 MTMC Other	0	0	0	-7.90	0
771 Commercial Transportation	0	0	0	2.10	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	0	2.85	0
901 Foreign Nat Ind.Hire	0	0	0	2.85	0
902 Separation Liability	0	0	0	2.85	0
912 Rental Pay to GSA	0	0	0	0.00	0
913 Purchased Utilities	0	0	0	2.10	0
914 Purchased Communications	0	0	0	2.10	0
915 Rents non GSA	0	0	0	2.10	0
917 Postal Svcs	0	0	0	0.00	0
920 Supplies & Mat	0	0	0	2.10	0
921 Printing & Reproduct	0	0	0	2.10	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Managed Care Support					
922 Equipt Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equipt Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Locally Purchased Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	1858000	0	4.20	78036	912852
998 Other Costs*	0	0	2.10	0	0
999 Total Purchases	1858000	0		78036	912852
9999 TOTAL	1858000	0		78036	912852
					2848888

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	LINE Managed Care Support	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
308 Travel of Persons		0	0	2.10	0	0
399 Total Travel		0	0	0	0	0
401 DFSC Fuel		0	0	-4.40	0	0
402 Service Fund Fuel		0	0	-4.40	0	0
411 Army Managed Sup & Mat		0	0	2.20	0	0
412 Navy Managed Sup & Mat		0	0	-3.00	0	0
414 AF Managed Sup & Mat		0	0	0.00	0	0
415 DLA Managed Sup & Mat		0	0	-1.00	0	0
416 GSA Managed Sup & Mat		0	0	2.10	0	0
417 Local Proc Sup & Mat		0	0	2.10	0	0
499 Total Sup & Mat		0	0	0	0	0
502 Army Fund Equipment		0	0	2.20	0	0
503 Navy Fund Equipment		0	0	-3.00	0	0
505 AF Fund Equipment		0	0	0.00	0	0
506 DLA Fund Equipment		0	0	-1.00	0	0
507 GSA Managed Equipment		0	0	2.10	0	0
599 Total Fund Equip Purc		0	0	0	0	0
602 Army Depot Cmd Maint		0	0	0.50	0	0
611 Naval Surface War Ctr		0	0	-0.70	0	0
615 Navy Info Svc		0	0	2.60	0	0
620 Fleet Aux Force		0	0	2.10	0	0
630 Naval Rsch Lab		0	0	12.10	0	0
631 Naval Fac Engnr Svc		0	0	2.70	0	0
633 Def Pub & Prmt Svc		0	0	2.70	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1999 Program	
				Program Growth	Program Growth
LINNE Managed Care Support					
634 Nav Pub Wrks Cr: Utilities	0	0	-3.00	0	0
635 Nav Pub Wrks Cr: Pub Wrks	0	0	0.20	0	0
637 Naval Shipyards	0	0	-10.80	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0
671 Communications Svc	0	0	-12.30	0	0
673 Def Finance & Acct Svc	0	0	-0.10	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	-1.50	0	0
711 MSC Cargo	0	0	4.80	0	0
721 MTMC Port Handling	0	0	-1.20	0	0
725 MTMC Other	0	0	-0.30	0	0
771 Commercial Transportation	0	0	2.10	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	2.20	0	0
901 Foreign Nat Ind Hire	0	0	2.20	0	0
902 Separation Liability	0	0	2.20	0	0
912 Rental Pay to GSA	0	0	0.00	0	0
913 Purchased Utilities	0	0	2.10	0	0
914 Purchased Communications	0	0	2.10	0	0
915 Rents non GSA	0	0	2.10	0	0
917 Postal Svcs	0	0	0.00	0	0
920 Supplies & Mat	0	0	2.10	0	0
921 Printing & Reproduct	0	0	2.10	0	0

MCS

Fiscal Year 1998/1999 Biennial Budget Estimates
 Summary of Price and Program Changes
 (Dollars in Thousands)

<u>FY1998 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1999 Program</u>
LINE Managed Care Support					
922 Equipt Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equipt Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Locally Purchased Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	2848888	0	4.20	119653	-345412
998 Other Costs*	0	0	2.10	0	0
999 Total Purchases	2848888	0		119653	-345412
9999 TOTAL	2848888	0		119653	-345412
					2623129

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: TRICARE Support Office (TSO) /Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS)

I. Description of Operations Financed: The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) is a worldwide health care cost-sharing program covering approximately 5.3 million eligible beneficiaries. The TRICARE Support Office (TSO), formerly known as the office of CHAMPUS, located in Aurora, Colorado, is responsible for the overall management and supervision of this program. This sub-activity group funds the day-to-day operations and program administration costs of this office and the cost of the oversight contracts it manages for the CHAMPUS program. The responsibility for some of these contracts will transfer from the TSO to the Managed Care "at-risk" health care regional contracts in FY 1997, or will be reduced as these contracts are awarded. Among those contracts designated for transfer or reduction are the Home Health Care-Case Management program and the Fiscal Intermediary contracts. These contracts are designed to reduce the growth rate of the CHAMPUS program, improve the efficiency of this health care, and provide the best possible service to the eligible beneficiaries.

II. Force Structure Summary: This program provides for the operating costs of the TSO, which is responsible for the overall management of the CHAMPUS program. The CHAMPUS program provides for the worldwide health care of eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty from civilian health care facilities. The CHAMPUS program also includes care received by beneficiaries of the Veterans Administration, the Department of Health and Human Services, U.S. Coast Guard, and the National Oceanographic and Atmospheric Administration on a reimbursable basis. TSO operating costs include civilian personnel, travel, rents and utilities, printing and reproduction, communications, supplies and equipment, and various contracts (such as the National Claims Processing System and Home Health Care-Case Management).

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1997		FY 1998 Estimate	FY 1999 Estimate
	Budget Request	Appropriation		
TRICARE Support Office (TSO)	86,111	54,141	54,141	54,554
				52,770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

B. Reconciliation Summary - TRICARE Support Office (TSO) / formerly OCHAMPUS

	Change <u>FY 1997/1997</u>	Change <u>FY 1997/1998</u>	Change <u>FY 1998/1999</u>
Baseline Funding	54,141	54,141	54,554
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	1,227	1,156
Functional Transfers	0	0	0
Program Changes	0	-814	-2,940
Current Estimate	54,141	54,554	52,770

C. OP-32 Line Item (See Exhibit OP-32)

D. Reconciliation of Increases and Decreases (Dollars in Thousands)

1. FY 1997 President's Budget Request \$54,141
2. FY 1997 Appropriated Amount \$54,141
3. FY 1997 Current Estimate \$54,141
4. Price Growth \$1,227
5. Program Increases \$1,461

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)
a. TRICARE Handbook and Policy Manuals
Reflects the biennial printing requirement of the TRICARE handbooks and manuals that provide information to the program managers and beneficiaries.
b. National Quality Monitoring Contract
The National Quality Monitoring Contract oversees the quality of care provided by the Managed Care Support contracts. The traditional role of this contract will be expanded to include certification of mental health facilities.
6. Program Decreases
a. Civilian Personnel
Reflects a reduction of 10 civilian workyears.
b. Office Equipment
One time equipment purchase in FY97 to relocate the TRICARE Support Office to a commercially leased facility in downtown Denver. This relocation occurs due to the closure of the Fitzsimons Army Medical Center.
c. Miscellaneous Program Reductions
Reduced requirements for supplies, rents, and purchased communications associated with the office relocation to commercially leased space and reduced civilian staff.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)	
7. FY 1998 Current Estimate	\$54,554
8. Price Growth	\$1,156
9. Program Decreases	\$-2,940
a. Civilian Personnel	-628
	Reflects reduction of 9 additional civilian workyears.
b. TRICARE Handbooks and Policy Manuals	-684
	Reduction reflects cyclical printing requirement.
c. Regional Review Centers	-1,200
	These two centers currently provide preauthorization and retrospective review of medical care provided in civilian facilities. These contracts phase out as the Managed Care Support contracts are implemented.
d. Miscellaneous Program Reductions	-428
	Continued reduction of office operations and support costs as the staffing levels decrease.
10. FY 1999 Current Estimate	\$52,770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates**
Operation and Maintenance

IV. Personnel Summary: TRICARE Support Office (TSO) / formerly OCHAMPUS

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
Active Military End Strength (Total)						
Officer	11	10	10	10	0	0
Enlisted	0	0	0	0	0	0
Total Military	11	10	10	10	0	0
Civilian End Strength						
U.S. Direct Hire	213	202	194	183	-8	-11
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	213	202	194	183	-8	-11
Foreign National Indirect Hire	5	0	0	0	0	0
Total Civilians	218	202	194	183	-8	-11
(Reimbursable Civilians Included above)	0	0	0	0	0	0
Active Military Workyears						
Officer	10	11	10	10	0	0
Enlisted	0	0	0	0	0	0
Total Military	10	11	10	10	0	0
Civilian Workyears						
U.S. Direct Hire	212	195	185	176	-10	-9
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	212	195	185	176	-10	-9
Foreign National Indirect Hire	8	0	0	0	0	0
Total Civilians	220	195	185	176	-10	-9
(Reimbursable Civilians Included above)	0	0	0	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Tricare Support Office					
308 Travel of Persons	1141	0	2.20	25	-357
399 Total Travel	1141	0		25	-357
401 DFSC Fuel	0	0	1.30	0	0
402 Service Fund Fuel	0	0	1.30	0	0
411 Army Sup & Mat	148	0	-6.00	-9	0
412 Navy Sup & Mat	0	0	8.60	0	0
414 AF Sup & Mat	0	0	-1.20	0	0
415 DLA Sup & Mat	0	0	-2.10	0	0
416 GSA Sup & Mat	104	0	2.20	2	107
417 Local Proc Sup & Mat	0	0	2.20	0	0
499 Total Sup & Mat	252	0		-7	1
				246	
502 Army Fund Equip	0	0	-6.00	0	0
503 Navy Fund Equip	0	0	8.60	0	0
505 AF Fund Equip	0	0	-1.20	0	0
506 DLA Fund Equip	0	0	-2.10	0	0
507 GSA Fund Equip	0	0	2.20	0	0
599 Total Fund Equip	0	0		0	0
				0	
602 Army Depot Cmd Maint	0	0	6.90	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0
630 Naval Rsch Lab	0	0	5.30	0	0
631 Naval Civil Engr Ctr	0	0	-6.50	0	0
633 Naval Pub & Pnt Svc	0	0	9.40	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINEx Tricare Support Office					
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0
637 Naval Shipyards	0	0	14.50	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0
671 Communications Svc	0	0	-4.30	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	3.00	0	0
702 MAC SAAM	0	0	-0.50	0	0
711 MSC Cargo	0	0	11.20	0	0
721 MTMC Port Handling	0	0	-6.80	0	0
725 MTMC Other	0	0	7.80	0	0
771 Commercial Transportation	0	0	2.20	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	14251	0	3.00	428	-2291
901 Foreign Nat Ind Hire	421	0	3.00	13	-434
902 Separation Liability	204	0	3.00	6	-92
912 Rental Pay to GSA	8	0	2.20	0	-1
913 Purchased Utilities	6	0	2.20	0	-1
914 Purchased Communica	177	0	2.20	4	5
915 Rents non GSA	635	0	2.20	14	146
917 Postal Svcs	88	0	2.50	2	523
920 Supplies & Mat	498	0	2.20	11	73
921 Printing & Reproduct	1265	0	2.20	28	476
					-656
					637

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

<u>FY1996 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1997 Program</u>
LINE Tricare Support Office					
922 Equip Maint Contract	1155	0	2.20	25	-1180
923 Facility Maint Contract	440	0	2.20	10	-450
925 Equip Purchases	360	0	2.20	8	1068
926 Overseas Purchases	0	0	2.20	0	0
930 Other Depot Maint	0	0	2.20	0	0
931 Contract Consultants	0	0	2.20	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0
933 Studies Analysis Eval	11771	0	2.20	259	-2155
934 Engineering Tech Svc	0	0	2.20	0	0
937 Fuel	0	0	2.20	0	0
988 Grants	0	0	2.20	0	0
989 Other Contracts	53439	0	2.20	1176	-27213
998 Other Costs*	0	0	2.20	0	0
999 Total Purchases	84718	0	2.20	1984	-33616
9999 TOTAL	86111	0	2.20	2002	-33972
					54141

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Price Growth Program
LINE Tricare Support Office						
308 Travel of Persons	809	0	2.10	17	-53	773
399 Total Travel	809	0	17	17	-53	773
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	139	0	2.30	3	-33	109
412 Navy Sup & Mat	0	0	26.30	0	0	0
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	0	0	1.60	0	0	0
416 GSA Sup & Mat	107	0	2.10	2	-32	77
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	246	0	5	5	-65	186
502 Army Fund Equip	0	0	2.30	0	0	0
503 Navy Fund Equip	0	0	26.30	0	0	0
505 AF Fund Equip	0	0	19.30	0	0	0
506 DLA Fund Equip	0	0	1.60	0	0	0
507 GSA Fund Equip	0	0	2.10	0	0	0
599 Total Fund Equip	0	0	0	0	0	0
602 Army Depot Cnd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	0	0	-4.00	0	0	0

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**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Tricare Support Office					
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0
637 Naval Shipyards	0	0	19.60	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0
671 Communications Svc	0	0	-11.00	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	17.80	0	0
711 MSC Cargo	0	0	9.30	0	0
721 MTMC Port Handling	0	0	5.70	0	0
725 MTMC Other	0	0	-7.90	0	0
771 Commercial Transportation	0	0	2.10	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	12388	0	2.85	353	-750
901 Foreign Nat Ind Hire	0	0	2.85	0	0
902 Separation Liability	118	0	2.85	3	-24
912 Rental Pay to GSA	7	0	0.00	0	-7
913 Purchased Utilities	5	0	2.10	0	0
914 Purchased Communica	146	0	2.10	3	-52
915 Rents non GSA	523	0	2.10	11	97
917 Postal Svcs	73	0	0.00	0	345
920 Supplies & Mat	476	0	2.10	10	48
921 Printing & Reproduct	637	0	2.10	13	369
				-117	1331
				681	1

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

<u>FY1997 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1998 Program</u>
LNE Tricare Support Office					
922 Equip Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equip Purchases	1436	0	2.10	30	592
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	9875	0	2.10	207	780
934 Engineering Tech Svc	0	0	2.10	0	10862
937 Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	27402	0	2.10	575	-119
998 Other Costs*	0	0	2.10	0	27858
999 Total Purchases	53086	0		1205	0
9999 TOTAL	54141	0		1227	-814
					54554

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LNE Tricare Support Office					
308 Travel of Persons	0	2.10	16	-54	735
399 Total Travel	0		16	-54	735
401 DFSC Fuel	0	0	-4.40	0	0
402 Service Fund Fuel	0	0	-4.40	0	0
411 Army Sup & Mat	109	0	2.20	2	-111
412 Navy Sup & Mat	0	0	-3.00	0	0
414 AF Sup & Mat	0	0	0.00	0	0
415 DLA Sup & Mat	0	0	-1.00	0	0
416 GSA Sup & Mat	77	0	2.10	2	79
417 Local Proc Sup & Mat	0	0	2.10	0	0
499 Total Sup & Mat	186	0	4	-111	79
502 Army Fund Equip	0	0	2.20	0	0
503 Navy Fund Equip	0	0	-3.00	0	0
505 AF Fund Equip	0	0	0.00	0	0
506 DLA Fund Equip	0	0	-1.00	0	0
507 GSA Fund Equip	0	0	2.10	0	0
599 Total Fund Equip	0	0	0	0	0
602 Army Depot Cmd Maint	0	0	0.50	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0
630 Naval Rsch Lab	0	0	12.10	0	0
631 Naval Civil Engnr Ctr	0	0	2.70	0	0
633 Naval Pub & Prnt Svc	0	0	2.70	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINEx Tricare Support Office					
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.20	0	0
637 Naval Shipyards	0	0	-10.80	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0
671 Communications Svc	0	0	-12.30	0	0
673 Def Finance & Acct Svc	0	0	-0.10	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0
699 Total Purchases	0	0	0	0	0
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	-1.50	0	0
711 MSC Cargo	0	0	4.80	0	0
721 MTMC Port Handling	0	0	-1.20	0	0
725 MTMC Other	0	0	-0.30	0	0
771 Commercial Transportation	0	0	2.10	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimbursement Host	11991	0	2.20	264	11627
901 Foreign Nat Ind Hire	0	0	2.20	0	0
902 Separation Liability	97	0	2.20	2	99
912 Rental Pay to GSA	0	0	0.00	0	0
913 Purchased Utilities	5	0	2.10	0	5
914 Purchased CommuniCA	97	0	2.10	2	100
915 Rents non GSA	345	0	2.10	7	3
917 Postal Svcs	48	0	0.00	0	1
920 Supplies & Mat	369	0	2.10	8	49
921 Printing & Reproduct	1331	0	2.10	28	487
					-684
					675

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**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1999 Program Growth
LNE Tricare Support Office				
922 Equipt Maint Contract	0	0	2.10	0
923 Facility Maint Contract	0	0	2.10	0
925 Equipt Purchases	592	0	2.10	12
926 Overseas Purchases	0	0	2.10	0
930 Other Depot Maint	0	0	2.10	0
931 Contract Consultants	0	0	2.10	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0
10862 Studies Analysis Eval	0	2.10	228	-1800
933 Engineering Tech Svc	0	0	2.10	0
934 Fuel	0	0	2.10	0
988 Grants	0	0	2.10	0
989 Other Contracts	27858	0	2.10	585
998 Other Costs*	0	0	2.10	216
999 Total Purchases	53595	0	1136	-2775
9999 TOTAL	54554	0	1156	-2940
				52770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Care in Non-Defense Facilities

- I. Description of Operations Financed:** This Sub-activity Group provides for the purchase of health care services from the Uniformed Services Treatment Facilities (USTFs) for eligible DoD beneficiaries who are enrolled in the USTF Managed Care Plan. It also supports centrally managed allotments which fund emergency medical care and transportation for authorized beneficiaries and medically necessary non-emergency care for active duty personnel when care is not accessible or available from military medical treatment facilities. This Sub-activity Group does not include cost of care rendered through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), federal sharing agreements, and referrals for specialty care by military medical treatment facilities covered under supplemental care/cooperative care.
- II. Force Structure Summary:** Care in Non-Defense Facilities represents the costs of purchasing health care services for enrolled beneficiaries in the 10 civilian-operated Uniformed Services Treatment Facilities (USTFs). It also supports centrally managed allotments which fund emergency medical care and transportation for authorized beneficiaries and medically necessary non-emergency care for active duty personnel when care is not accessible or available from facilities.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	<u>FY 1997</u>			<u>FY 1998</u>		
	<u>Budget</u>	<u>Appropriation</u>	<u>Current</u>	<u>Budget</u>	<u>Appropriation</u>	<u>Current</u>
	<u>Request</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Request</u>	<u>Estimate</u>	<u>Estimate</u>
USTFs	\$315,000	\$331,380	\$327,285	\$341,031	\$355,354	
Centrally Managed Allotment for Emergency Care	<u>126,487</u>	<u>116,181</u>	<u>128,818</u>	<u>129,672</u>	<u>134,885</u>	
Total	\$441,487	\$447,561	\$456,103	\$470,703	\$490,239	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--O&M \$ in thousands):

B. Reconciliation Summary

	Change FY 1997/1997	Change FY 1997/1998	Change FY 1998/1999
Baseline Funding	\$447,561	\$456,103	\$470,703
Congressional Adjustments	8,542		
Price Change		19,053	19,659
Reprogrammings/Transfers			
Functional Transfers			
Transfers In/Out			
Program Changes		-4,453	-123
Current Estimate	\$456,103	\$470,703	\$490,239

C. OP-32 Line Item (See Exhibit OP-32)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (O&M \$ in thousands)

1. FY 1997 President's Budget Request	\$447,561
2. Congressional adjustments	8,542
Congressional Increase	+8,542
3. FY 1997 Appropriated	\$456,103
4. FY 1997 Current Estimate	\$456,103
5. Price Growth	19,053
6. Program Decrease	-4,453
Reduction reflects a decline in active duty population eligible for emergency medical care and implementation of initiatives to reduce costs by improving program management.	
Total Program Decrease	-4,453
7. FY 1998 Budget Request	\$470,703
8. Price Growth	19,659

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (O&M \$ in thousands) (continued)

9. Program Decrease

Reduction reflects a decline in active duty population eligible for emergency medical care

Total Program Decrease

7. FY 1999 Budget Request

-123
\$490,239

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996 ACTUAL</u>	<u>FY 1997 ESTIMATE</u>	<u>FY 1998 ESTIMATE</u>	<u>FY 1999 ESTIMATE</u>	<u>FY 1997/FY 98 CHANGE</u>	<u>FY 1998/FY 99 CHANGE</u>
USTF Eligible Beneficiaries (DoD only)	107,100	107,100	107,100	107,100	0	0
Active Duty Personnel	1,645,964	1,612,865	1,590,461	1,580,004	-22,404	-10,457

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary 1/

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	Change <u>FY97/FY98</u>	Change <u>FY98/FY99</u>
<u>Active Military End Strength/1</u>						
Officer	0	0	0	0	0	0
Enlisted	0	0	0	0	0	0
Total Military	0	0	0	0	0	0
<u>Civilian End Strength/1</u>						
U.S. Direct Hire	0	0	0	0	0	0
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	0	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0	0
Total Civilians	0	0	0	0	0	0
<u>Active Military Workyears</u>						
Officer	0	0	0	0	0	0
Enlisted	0	0	0	0	0	0
Total Military Workyears	0	0	0	0	0	0
<u>Civilian Workyears</u>						
U.S. Direct Hire	0	0	0	0	0	0
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	0	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0	0
Total Civilian Workyears	0	0	0	0	0	0

1/ Included to show a unified medical program. Active military personnel funding and all end strengths, military and civilian, are retained by the individual Military Departments for purposes of budget formulation and execution in accordance with the DEPSECDEF memorandum, "Strengthening the Medical Functions of the Department of Defense," dated October 1, 1991

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Program Growth	FY1997 Program
L11E Care Non-Defense							
308 Travel of Persons	3751	0	2.20	83	-282	0	3552
399 Total Travel	3751	0	2.20	83	-282	0	3552
401 DFSC Fuel	0	0	1.30	0	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0	0
412 Navy Sup & Mat	0	0	8.60	0	0	0	0
414 AF Sup & Mat	0	0	-1.20	0	0	0	0
415 DLA Sup & Mat	0	0	-2.10	0	0	0	0
416 GSA Sup & Mat	0	0	2.20	0	0	0	0
417 Local Proc Sup & Mat	0	0	2.20	0	0	0	0
499 Total Sup & Mat	0	0	0	0	0	0	0
502 Army Fund Equip	0	0	-6.00	0	0	0	0
503 Navy Fund Equip	0	0	8.60	0	0	0	0
505 AF Fund Equip	0	0	-1.20	0	0	0	0
506 DLA Fund Equip	0	0	-2.10	0	0	0	0
507 GSA Fund Equip	0	0	2.20	0	0	0	0
599 Total Fund Equip	0	0	0	0	0	0	0
602 Army Depot Cnd Maint	0	0	6.90	0	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0	1157
630 Naval Rsch Lab	0	0	5.30	0	0	0	0
631 Naval Civil Engnr Ctr	0	0	-6.50	0	0	0	0
633 Naval Pub & Prmt Svc	0	0	9.40	0	0	0	0

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Care Non-Defense					
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0
637 Naval Shipyards	0	0	14.50	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0
671 Communications Svc	0	0	-4.30	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0
679 Cost Reimbursable Svc	0	0	2.20	0	0
699 Total Purchases	0	0	0	1157	1157
701 MAC Cargo	0	0	3.00	0	0
702 MAC SAAM	0	0	-0.50	0	0
711 MSC Cargo	0	0	11.20	0	0
721 MTMC Port Handling	0	0	-6.80	0	0
725 MTMC Other	0	0	7.80	0	0
771 Commercial Transportation	0	0	2.20	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	3.00	0	0
901 Foreign Nat Ind Hire	0	0	3.00	0	0
902 Separation Liability	0	0	3.00	0	0
912 Rental Pay to GSA	0	0	2.20	0	0
913 Purchased Utilities	0	0	2.20	0	0
914 Purchased Communica	4	0	2.20	0	-4
915 Rents non GSA	0	0	2.20	0	0
917 Postal Svcs	0	0	2.50	0	0
920 Supplies & Mat	10	0	2.20	0	217
921 Printing & Reproduct	0	0	2.20	0	227

CND

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
L111E Care Non-Defense					
922 Equipt Maint Contract	0	0	2.20	0	0
923 Facility Maint Contract	0	0	2.20	0	0
925 Equipt Purchases	0	0	2.20	0	0
926 Overseas Purchases	0	0	2.20	0	0
930 Other Depot Maint	0	0	2.20	0	0
931 Contract Consultants	0	0	2.20	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0
933 Studies Analysis Eval	0	0	2.20	0	0
934 Engineering Tech Svc	0	0	2.20	0	0
937 Fuel	0	0	2.20	0	0
988 Grants	0	0	2.20	0	0
989 Other Contracts	122722	72	3.90	4789	-3701
998 Other Costs*	315000	0	3.90	12285	123882
999 Total Purchases	437736	72	17074	-3488	327285
9999 TOTAL	441487	72	17157	-2613	456103

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Care Non-Defense						
308 Travel of Persons	3552	0	2.10	75	161	3788
399 Total Travel	3552	0		75	161	3788
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	0	0	2.30	0	0	0
412 Navy Sup & Mat	0	0	26.30	0	0	0
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	0	0	1.60	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equip	0	0	2.30	0	0	0
503 Navy Fund Equip	0	0	26.30	0	0	0
505 AF Fund Equip	0	0	19.30	0	0	0
506 DLA Fund Equip	0	0	1.60	0	0	0
507 GSA Fund Equip	0	0	2.10	0	0	0
599 Total Fund Equip	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	1157	0	2.10	24	98	1279
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pint Svc	0	0	-4.00	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

Program	FY1997 Amount	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Program Growth	Program Growth	FY1998 Program
								Program
LINE Care Non-Defense								
634 Nav Pub Wrks Ctr: Utilities	0			-1.00		0		0
635 Nav Pub Wrks Ctr: Pub Wrks	0			0.30		0		0
637 Naval Shipyards	0			19.60		0		0
653 Airlift Svcs Trng & Ops	0			19.80		0		0
671 Communications Svc	0			-11.00		0		0
673 Def Finance & Acct Svc	0			-12.60		0		0
679 Cost Reimbursible Svc	0			2.10		0		0
699 Total Purchases	1157			24		98		1279
701 MAC Cargo	0			5.00		0		0
702 MAC SAAM	0			17.80		0		0
711 MSC Cargo	0			9.30		0		0
721 MTMC Port Handling	0			5.70		0		0
725 MTMC Other	0			-7.90		0		0
771 Commercial Transportation	0			2.10		0		0
799 Total Transportation	0			0		0		0
9XX Civ Pay Reimbs Host	0			2.85		0		0
901 Foreign Nat Ind Hire	0			2.85		0		0
902 Separation Liability	0			2.85		0		0
912 Rental Pay to GSA	0			0.00		0		0
913 Purchased Utilities	0			2.10		0		0
914 Purchased Communica	0			2.10		0		0
915 Rents non GSA	0			2.10		0		0
917 Postal Svcs	0			0.00		0		0
920 Supplies & Mat	227			2.10		5		0
921 Printing & Reproduct	0			2.10		0		232

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

<u>FY1997 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1998 Program</u>
LINE Care Non-Defense					
922 Equip Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equip Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	123882	0	4.20	5203	-4712
998 Other Costs*	327285	0	4.20	13746	0
999 Total Purchases	451394	0	4.20	18954	-4712
9999 TOTAL	456103	0	4.20	19053	-4453
				470703	470703

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Care Non-Defense						
308 Travel of Persons	3788	0	2.10	80	26	3894
399 Total Travel	3788	0	0	80	26	3894
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	0	0	-1.00	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0	0	0	0	0
502 Army Fund Eqipt	0	0	2.20	0	0	0
503 Navy Fund Eqipt	0	0	-3.00	0	0	0
505 AF Fund Eqipt	0	0	0.00	0	0	0
506 DLA Fund Eqipt	0	0	-1.00	0	0	0
507 GSA Fund Eqipt	0	0	2.10	0	0	0
599 Total Fund Eqipt	0	0	0	0	0	0
602 Army Depot Cnd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	1279	0	2.10	27	33	1339
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engrn Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	0	0	2.70	0	0	0

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Care Non-Defense					
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.20	0	0
637 Naval Shipyards	0	0	-10.80	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0
671 Communications Svc	0	0	-12.30	0	0
673 Def Finance & Acct Svc	0	0	-0.10	0	0
679 Cost Reimbursable Svc	0	0	2.10	0	0
699 Total Purchases	1279	0	27	33	1339
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	-1.50	0	0
711 MSC Cargo	0	0	4.80	0	0
721 MTMC Port Handling	0	0	-1.20	0	0
725 MTMC Other	0	0	-0.30	0	0
771 Commercial Transportation	0	0	2.10	0	0
799 Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	2.20	0	0
901 Foreign Nat Ind Hire	0	0	2.20	0	0
902 Separation Liability	0	0	2.20	0	0
912 Rental Pay to GSA	0	0	0.00	0	0
913 Purchased Utilities	0	0	2.10	0	0
914 Purchased Communica	0	0	2.10	0	0
915 Rents non GSA	0	0	2.10	0	0
917 Postal Svcs	0	0	0.00	0	0
920 Supplies & Mat	232	0	2.10	5	0
921 Printing & Reproduct	0	0	2.10	0	0
				237	0

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

<u>FY1998 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program Growth</u>	<u>FY1999 Program</u>
LINE Care Non-Defense					
922 Equip Maint Contract	0	0	2.10	0	0
923 Facility Maint Contract	0	0	2.10	0	0
925 Equip Purchases	0	0	2.10	0	0
926 Overseas Purchases	0	0	2.10	0	0
930 Other Depot Maint	0	0	2.10	0	0
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	0	0	2.10	0	0
988 Grants	0	0	2.10	0	0
989 Other Contracts	124373	4.20	5224	-182	129415
998 Other Costs*	341031	4.20	14323	0	355354
999 Total Purchases	465636	0	19552	-182	485006
9999 TOTAL	470703	0	19659	-123	490239

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Exhibit OP-32

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Education and Training

- I. Description of Operations Financed:** This Sub-activity Group provides support for worldwide medical education and training for active duty personnel, civilian medical personnel and students. This program includes the Health Professions Scholarship Program (HPSP), Financial Assistance Program (FAP) residencies, precommissioning professional scholarship programs, initial skills training, and specialized skills training. Funding levels in this submission for HPSP do not reflect an increase in scholarships to offset the closure of USUHS.
- II. Force Structure Summary:** Education and training resources provide tuition and other educational expenses for HPSP participants and training of active duty and civilian medical personnel. The training loads in the education and training program have been reduced to reflect DoD declining medical force levels.
- III. Financial Summary (\$ in Thousands):**

A. Sub-Activity Group: Education and Training

	FY 1997			FY 1998		
	FY 1996 <u>Actual</u>	Budget <u>Request</u>	Appropriated	Current <u>Estimate</u>	Current <u>Estimate</u>	Current <u>Estimate</u>
Health Care Precommissioning Program	74,081	83,995	80,842	80,842	85,623	92,560
Education and Training	147,719	123,236	142,501	142,501	163,549	173,936
Total	221,800	207,231	223,343	223,343	249,172	266,496

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change</u> <u>FY 1997 / FY 1997</u>	<u>Change</u> <u>FY 1997 / FY 1998</u>	<u>Change</u> <u>FY 1998 / FY 1999</u>
Baseline Funding			
Congressional Adjustments	207,231	223,343	249,172
Supplemental Request	+16,112	0	0
Price Change	0	0	+11,056
Functional Transfer	0	0	0
Program Changes	0	+15,057	+6,268
Current Estimate	223,343	249,172	266,496

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation Summary: Increases and Decreases

1. FY 1997 Budget Request \$207,231
2. Congressional Adjustment \$16,112
3. FY 1997 Appropriated \$223,343
4. FY 1997 Current Estimate \$223,343
5. Price Growth \$10,772

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

- | | |
|---|-----------|
| 6. Program Increases | \$17,115 |
| a. Increase in Air Force Aerovac training. | |
| Meets the needs of new Air Force doctrine to rapidly evacuate and replace casualties.
Ensure operational skills are learned to allow the effective application of medical skills in the air evacuation environment. | +\$8,500 |
| b. Increase in Navy readiness training. | |
| Supports Individual Medical readiness training, Fleet Hospital training; FMF training, and Hospital Shipboard training required by Medical Readiness Strategic Plan and programming guidance. | +\$4,700 |
| c. Quotas Increase in Support of Prevention Education. | |
| This education is critical to maintaining an optimally healthy and fit Air Force. It will be the leader in disease prevention and health promotion to building healthy communities, which will result in a generally healthier global Air Force population. | +3,915 |
| 7. Program Decreases | -\$2,058 |
| a. Specialized skill training decrease corresponds to the reduction in certified military health care professional end strengths (including selected reserve). | -\$2,058 |
| 8. FY 1998 Current Estimate | \$249,172 |
| 9. Price Growth | \$11,056 |

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

10.	Program Increases	\$6,996
a.	Increase in Air Force Aerovac training. Supports development of critical care augmentation teams and utilization of emerging technologies in life support that will facilitate delivery of critical care in the air. Allows all deployable personnel to gain experience with equipment, procedures, and processes required for successful contingency operations.	+\$2,400
b.	Increase in Navy & Air Force readiness training. Increase supports Medical Readiness Strategic Plan	+\$3,096
c.	HPSP Scholarships. Increase essential to maintain dental corps strength.	+\$1,500
11.	Program Decreases	-\$728
a.	Specialized Skills Training Population Impact	-\$728
12.	FY 1999 Current Estimate	\$266,496

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation: Education and Training

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
HPSP	3,662	3,727	3,764	3,798
FAP	350	348	348	348
Total	4,012	4,075	4,112	4,146

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary:

<u>Active Military End Strength</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY1997/1998</u>	<u>Change FY 1998/1999</u>
Officer	6,889	6,458	6,717	6,691	259	-26
Enlisted	<u>7,166</u>	<u>7,237</u>	<u>7,233</u>	<u>7,230</u>	<u>-4</u>	<u>-3</u>
Total Military End Strength	<u>14,055</u>	<u>13,695</u>	<u>13,950</u>	<u>13,921</u>	<u>255</u>	<u>-29</u>
 <u>Civilian End Strength</u>						
U.S. Direct Hire	832	653	667	649	14	-18
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	832	653	667	649	14	-18
Foreign National Indirect Hire	7	0	0	0	0	0
Total Civilian End Strength	839	653	667	649	14	-18
 <u>Military Workyears</u>						
Officer	7,056	6,674	6,588	6,704	-86	116
Enlisted	<u>6,626</u>	<u>7,202</u>	<u>7,235</u>	<u>7,232</u>	<u>33</u>	<u>-3</u>
Total	<u>13,682</u>	<u>13,876</u>	<u>13,823</u>	<u>13,936</u>	<u>-53</u>	<u>113</u>
 <u>Civilian Workyears (Total)</u>						
U.S. Direct Hire	883	777	790	749	13	-41
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	883	777	790	749	13	-41
Foreign National Indirect Hire	7	7	7	7	0	0
Total Civilian Workyears	809	784	797	756	13	-41

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Education & Training						
308 Travel of Persons	47696	0	2.20	1049	7136	55881
399 Total Travel	47696	0		1049	7136	55881
401 DFSC Fuel	7	0	1.30	0	7	14
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0
412 Navy Sup & Mat	812	0	8.60	70	-248	634
414 AF Sup & Mat	28	0	-1.20	0	-28	0
415 DLA Sup & Mat	493	0	-2.10	-10	-99	384
416 GSA Sup & Mat	511	0	2.20	11	-55	467
417 Local Proc Sup & Mat	6326	0	2.20	139	25	6490
499 Total Sup & Mat	8177	0		210	-398	7989
502 Army Fund Equip	0	0	-6.00	0	0	0
503 Navy Fund Equip	647	0	8.60	56	-525	178
505 AF Fund Equip	1387	0	-1.20	-17	-76	1294
506 DLA Fund Equip	12	0	-2.10	0	-6	6
507 GSA Fund Equip	668	0	2.20	15	-331	352
599 Total Fund Equip	2714	0		54	-938	1830
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	189	0	-7.30	-14	-145	30
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	7	0	5.30	0	-4	3
631 Naval Civil Engn Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Prnt Svc	3571	0	9.40	336	-1467	2440

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1997 Program	
				Program Growth	Program Growth
LINE Education & Training					
634 Nav Pub Wrks Ctr: Utilities	0		-0.30	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	178	0	2.10	4	-151
637 Naval Shipyards	0	0	14.50	0	31
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0
671 Communications Svc	115	0	-4.30	-5	0
673 Def Finance & Acct Svc	0	0	11.40	0	19
679 Cost Reimbursible Svc	0	0	2.20	0	0
699 Total Purchases	4060	0		321	-1858
701 MAC Cargo	0	0	3.00	0	0
702 MAC SAAM	0	0	-0.50	0	0
711 MSC Cargo	0	0	11.20	0	0
721 MTMC Port Handling	0	0	-6.80	0	0
725 MTMC Other	0	0	7.80	0	0
771 Commercial Transportation	202	0	2.20	4	-12
799 Total Transportation	202	0		4	-12
9XX Civ Pay Reimburs Host	36155	0	3.00	1085	-4567
901 Foreign Nat Ind Hire	222	0	3.00	7	32673
902 Separation Liability	515	0	3.00	15	256
912 Rental Pay to GSA	106	0	2.20	2	316
913 Purchased Utilities	12	0	2.20	0	-214
914 Purchased Communica	18	0	2.20	0	107
915 Rents non GSA	195	0	2.20	0	30
917 Postal Svcs	589	0	2.50	15	15
920 Supplies & Mat	9801	0	2.20	216	605
921 Printing & Reproduct	1062	0	2.20	23	9469
					-548
					-519
					566

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	FY1997 Program Growth
LINE Education & Training				
922 Equip Maint Contract	2358	0	2.20	52
923 Facility Maint Contract	389	0	2.20	9
925 Equip Purchases	5602	0	2.20	123
926 Overseas Purchases	172	0	2.20	4
930 Other Depot Maint	132	0	2.20	3
931 Contract Consultants	2576	0	2.20	57
932 Mgmt & Prof Spt Svc	786	0	2.20	17
933 Studies Analysis Eval	0	0	2.20	0
934 Engineering Tech Svc	0	0	2.20	0
937 Fuel	16	0	2.20	0
988 Grants	0	0	2.20	0
989 Other Contracts	74081	0	9.00	6667
998 Other Costs*	24164	0	2.20	532
999 Total Purchases	158951	0		8831
9999 TOTAL	221800	0		10469
				-8926
				223343

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	FY1998 Program
LINNE Education & Training						
308 Travel of Persons	55881	0	2.10	1174	12011	69066
399 Total Travel	55881	0		1174	12011	69066
401 DFSC Fuel	14	0	19.70	3	-2	15
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	0	0	2.30	0	0	0
412 Navy Sup & Mat	634	0	26.30	167	-1	800
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	384	0	1.60	6	330	720
416 GSA Sup & Mat	467	0	2.10	10	43	520
417 Local Proc.Sup & Mat	6490	0	2.10	136	1485	8111
499 Total Sup & Mat	7989	0		322	1855	10166
502 Army Fund Equip	0	0	2.30	0	0	0
503 Navy Fund Equip	178	0	26.30	47	58	283
505 AF Fund Equip	1294	0	19.30	250	315	1859
506 DLA Fund Equip	6	0	1.60	0	0	6
507 GSA Fund Equip	352	0	2.10	7	35	394
599 Total Fund Equip	1830	0		304	408	2542
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	30	0	6.80	2	-5	27
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	3	0	-2.00	0	4	7
631 Naval Civil Engnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	2440	0	-4.00	-98	332	2674

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LNE Education & Training					
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	31	0	0.30	0	33
637 Naval Shipyards	0	0	19.60	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0
671 Communications Svc	19	0	-11.00	-2	18
673 Def Finance & Acct Svc	0	0	-12.60	0	0
679 Cost Reimbursable Svc	0	0	2.10	0	0
699 Total Purchases	2523	0	-98	334	2759
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	17.80	0	0
711 MSC Cargo	0	0	9.30	0	0
721 MTMC Port Handling	0	0	5.70	0	0
725 MTMC Other	0	0	-7.90	0	0
771 Commercial Transportation	194	0	2.10	4	199
799 Total Transportation	194	0	4	1	199
9XX Civ Pay Reimburs Host	32673	0	2.85	931	438
901 Foreign Nat Ind Hire	256	0	2.85	7	-1
902 Separation Liability	316	0	2.85	9	-48
912 Rental Pay to GSA	107	0	0.00	0	2
913 Purchased Utilities	30	0	2.10	1	2
914 Purchased Communica	15	0	2.10	0	7
915 Rents non GSA	289	0	2.10	6	86
917 Postal Svcs	605	0	0.00	0	381
920 Supplies & Mat	9469	0	2.10	199	605
921 Printing & Reproduct	566	0	2.10	12	10134
					793

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Amount	Program Growth	FY1998 Program
LINE Education & Training						
922 Equipt Maint Contract	668	0	2.10	14	185	867
923 Facility Maint Contract	115	0	2.10	2	28	145
925 Equipt Purchases	2697	0	2.10	57	927	3681
926 Overseas Purchases	30	0	2.10	1	-1	30
930 Other Depot Maint	24	0	2.10	1	0	25
931 Contract Consultants	337	0	2.10	7	-7	337
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	15	0	2.10	0	3	18
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	80842	0	9.00	7276	-2495	85623
998 Other Costs*	25872	0	2.10	543	641	27056
999 Total Purchases	154926	0		9066	448	164440
9999 TOTAL	223343	0		10772	15057	249172

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
L1N1 Education & Training						
308 Travel of Persons	69066	0	2.10	1450	4455	74971
399 Total Travel	69066	0	2.10	1450	4455	74971
401 DFSC Fuel	15	0	-4.40	-1	1	15
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	800	0	-3.00	-24	89	865
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	720	0	-1.00	-7	59	772
416 GSA Sup & Mat	520	0	2.10	11	-4	527
417 Local Proc Sup & Mat	8111	0	2.10	170	725	9006
499 Total Sup & Mat	10166	0	149	870	11185	
502 Army Fund Equip	0	0	2.20	0	0	0
503 Navy Fund Equip	283	0	-3.00	-8	35	310
505 AF Fund Equip	1859	0	0.00	0	272	2131
506 DLA Fund Equip	6	0	-1.00	0	0	6
507 GSA Fund Equip	394	0	2.10	8	9	411
599 Total Fund Equip	2542	0	0	0	316	2858
602 Army Depot Cnd Maint	0	0	0.50	0	0	
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	27	0	2.60	1	-3	25
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	7	0	12.10	1	0	8
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	2674	0	2.70	72	149	2895

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

Program	FY1998	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Education & Training						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	33	0	0.20	0	1	34
637 Naval Shipyards	0	0	-10.80	0	0	0
653 Airlift Svcs Tmg & Ops	0	0	-2.50	0	0	0
671 Communications Svc	18	0	-12.30	-2	1	17
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	2759	0	72	148	2979	
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	199	0	2.10	4	-1	202
799 Total Transportation	199	0	4	-1	-1	202
9XX Civ Pay Reimburs Host	34042	0	2.20	749	-1898	32893
901 Foreign Nat Ind Hire	262	0	2.20	6	0	268
902 Separation Liability	277	0	2.20	6	3	286
912 Rental Pay to GSA	109	0	0.00	0	2	111
913 Purchased Utilities	33	0	2.10	1	0	34
914 Purchased Communica	22	0	2.10	0	4	26
915 Rents non GSA	381	0	2.10	8	44	433
917 Postal Svcs	605	0	0.00	0	0	605
920 Supplies & Mat	10134	0	2.10	213	120	10467
921 Printing & Reproduct	793	0	2.10	17	99	99

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Education & Training					
922 Equip Maint Contract	867	0	2.10	18	924
923 Facility Maint Contract	145	0	2.10	3	163
925 Equip Purchases	3681	0	2.10	77	3909
926 Overseas Purchases	30	0	2.10	1	-1
930 Other Depot Maint	25	0	2.10	1	0
931 Contract Consultants	337	0	2.10	7	-7
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	18	0	2.10	0	2
988 Grants	0	0	2.10	0	0
989 Other Contracts	85623	0	9.00	7706	92560
998 Other Costs*	27056	0	2.10	568	2676
999 Total Purchases	164440	0		9381	480
9999 TOTAL	249172	0		11056	6268
					266496

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Uniformed Services University of the Health Sciences (USUHS)

- I. **Narrative Description:** This Sub-activity Group provides for the education of military physicians and graduate education programs leading to masters or doctoral degrees in the biological sciences. The mission is to provide high quality, career dedicated military and Public Health Service physicians. The Vice President's National Performance Review recommended that USUHS be closed and that future physician accessions be obtained from less expensive sources. This program includes an orderly phased closure of USUHS starting in FY 1998 with complete closure by FY 2001.
- II. **Description of Operations Financed:** The Uniformed Services University of the Health Sciences provides for undergraduate medical teaching operations, as well as a limited basic sciences program which is necessary to meet needed teaching requirements and provide graduate education to qualified military personnel assigned to the University for masters and doctoral programs in the biological sciences.
- III. **Financial Summary (\$ in Thousands):**

A. Sub-Activity Group: Uniformed Services University of the Health Sciences

	FY 1997			FY 1998		
	<u>Budget Request</u>	<u>Appropriated</u>	<u>Current Estimate</u>	<u>Current Estimate</u>	<u>Current Estimate</u>	<u>Current Estimate</u>
USUHS	60,145	52,000	70,450	70,450	51,314	32,168
Total	60,145	52,000	70,450	70,450	51,314	32,168

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change</u>	<u>FY 1997 / FY 1998</u>	<u>Change</u>	<u>FY 1998 / FY 1999</u>
Baseline Funding				
Congressional Adjustments	52,000	70,450		51,314
Supplemental Request	18,450	0	0	0
Price Change	0	0	+1,394	+845
Functional Transfer	0	0	-20,530	0
Program Changes	0	51,314	-19,991	32,168
Current Estimate	70,450			

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation Summary: Increases and Decreases

1. FY 1997 Budget Request \$52,000
2. Congressional Adjustments
 - Programmatic Increase, Graduate School of Nursing +2,050
 - Head Injury +1,500
 - Prisoner of War +1,000

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

USUHS	+6,900
Graduate Nurse Program	+2,000
Nursing Research	+5,000
Total Congressional Adjustments	+18,450
3. FY 1997 Appropriated	\$70,450
4. FY 1997 Current Estimate	\$70,450
5. Price Growth	\$1,394
7. Program Decreases	-14,685
a. Reverse FY 1997 One-Time Congressional Increases	
Head Injury	-1,530
Prisoner of War	-1,020
USUHS	-7,036
Nursing Research	-5,099
b. USUHS Phase down	-\$5,845
Total Program Decreased	-20,530
8. FY 1998 Current Estimate	\$51,314

OP-5 Part 2 USUHS (Page 3 of 6)

Defense Health program Appropriation FY 1998/1999 Biennial Budget Estimates Operation and Maintenance

- | | |
|-------------------------------|-----------|
| 9. Price Growth | \$845 |
| 10. Program Decrease | |
| a. USUHS Phase Down Continued | -\$19,991 |
| Total Program Decreased | -\$19,991 |
| 11. FY 1999 Current Estimate | \$32,168 |

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation: Uniformed Services University of the Health Sciences

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Medical Students:				
Medical Student End Strength	672	506	337	165
No. of New Medical Students	165	0	0	0
No. of New Medical Graduates	156	166	169	172
Cumulative No. of Medical Graduates	2,303	2,469	2,638	2,810
Other Graduate Students:				
Graduate End Strength	110	110	75	40
No. of New Graduate Students	33	0	0	0
No. of New Graduates	40	35	35	35
Cumulative No. of Graduates	444	479	514	549

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates**
Operation and Maintenance

V. Personnel Summary:

<u>Active Military End Strength</u>		<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY 1997/1998</u>	<u>Change FY 1998/1999</u>
Officer	769	764	782	626	18	-156	
Enlisted	<u>98</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Military End Strength	867	866	884	728	18	-156	
<u>Civilian End Strength</u>							
U.S. Direct Hire	544	573	499	361	-74	-138	
Foreign National Direct Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Hire	544	573	499	361	-74	-138	
Foreign National Indirect Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Civilian End Strength	544	573	499	361	-74	-138	
<u>Military Workyears</u>							
Officer	710	767	773	704	6	-69	
Enlisted	<u>82</u>	<u>100</u>	<u>102</u>	<u>102</u>	<u>2</u>	<u>0</u>	<u>0</u>
Total	792	867	875	806	8	-69	
<u>Civilian Workyears (Total)</u>							
U.S. Direct Hire	568	569	505	472	-64	-33	
Foreign National Direct Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Hire	568	569	505	472	-64	-33	
Foreign National Indirect Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Civilian Workyears	568	569	505	472	-64	-33	

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1996 Program	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Percent	Price Growth Amount	FY1997 Program	
								Program Growth	Program Growth
308 Travel of Persons	1948	1948	0	0	2.20	43	43	-102	1889
399 Total Travel	1948	1948	0	0				-102	1889
401 DFSC Fuel	0	0	0	0	1.30	0	0	0	0
402 Service Fund Fuel	0	0	0	0	1.30	0	0	0	0
411 Army Sup & Mat	0	0	0	0	-6.00	0	0	0	0
412 Navy Sup & Mat	0	0	0	0	8.60	0	0	0	0
414 AF Sup & Mat	0	0	0	0	-1.20	0	0	0	0
415 DLA Sup & Mat	165	0	0	0	-2.10	-3	0	0	162
416 GSA Sup & Mat	120	0	0	0	2.20	3	0	0	123
417 Local Proc Sup & Mat	0	0	0	0	2.20	0	0	0	0
499 Total Sup & Mat	285	0	0	0			0	0	285
502 Army Fund Equip	0	0	0	0	-6.00	0	0	0	0
503 Navy Fund Equip	0	0	0	0	8.60	0	0	0	0
505 AF Fund Equip	0	0	0	0	-1.20	0	0	0	0
506 DLA Fund Equip	0	0	0	0	-2.10	0	0	0	0
507 GSA Fund Equip	33	0	0	0	2.20	1	0	0	34
599 Total Fund Equip	33	0	0	0			0	0	34
602 Army Depot Cmd Maint	0	0	0	0	6.90	0	0	0	0
611 Naval Surface War Ctr	0	0	0	0	-2.50	0	0	0	0
615 Data Automat Ctr Navy	0	0	0	0	-7.30	0	0	0	0
620 Fleet Aux Ships Navy	0	0	0	0	2.20	0	0	0	0
630 Naval Rsch Lab	0	0	0	0	5.30	0	0	0	0
631 Naval Civil Engnr Ctr	0	0	0	0	-6.50	0	0	0	0
633 Naval Pub & Prnt Svc	0	0	0	0	9.40	0	0	0	0

USUHS

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Exhibit OP-32

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE USUHS					
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	3322
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	598
637 Naval Shipyards	0	0	14.50	0	0
653 Airlift Svcs Tmg & Ops	0	0	29.40	0	0
671 Communications Svc	0	0	-4.30	0	580
673 Def Finance & Acct Svc	0	0	11.40	0	912
679 Cost Reimbursible Svc	0	0	2.20	0	112
699 Total Purchases	0	0	0	5524	5524
701 MAC Cargo	0	0	3.00	0	0
702 MAC SAAM	0	0	-0.50	0	0
711 MSC Cargo	0	0	11.20	0	0
721 MTMC Port Handling	0	0	-6.80	0	0
725 MTMC Other	0	0	7.80	0	0
771 Commercial Transportation	55	0	2.20	1	27
799 Total Transportation	55	0	0	1	27
9XX Civ Pay Reimburs Host	29737	0	3.00	892	1166
901 Foreign Nat Ind Hire	0	0	3.00	0	0
902 Separation Liability	0	0	3.00	0	301
912 Rental Pay to GSA	210	0	2.20	5	-215
913 Purchased Utilities	3355	0	2.20	74	-3429
914 Purchased Communica	509	0	2.20	11	-520
915 Rents non GSA	52	0	2.20	1	180
917 Postal Svcs	127	0	2.50	3	130
920 Supplies & Mat	2451	0	2.20	54	194
921 Printing & Reproduct	0	0	2.20	3	-17

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Program Growth
	FY1997 Program				FY1997 Program	
922 Equipt Maint Contract	828	0	2.20	18	-65	781
923 Facility Maint Contract	1493	0	2.20	33	-1526	0
925 Equipt Purchases	1876	0	2.20	41	-1573	344
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	34	0	2.20	1	-35	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	0	0	2.20	0	0	0
988 Grants	12797	0	2.20	282	-4219	8860
989 Other Contracts	4239	0	2.20	93	13058	17390
998 Other Costs*	0	0	2.20	0	0	0
999 Total Purchases	57824	0		1511	3300	62635
9999 TOTAL	60145	0		1556	8749	70450

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
308 Travel of Persons	1889	0	2.10	40	-840	1089
399 Total Travel	1889	0		40	-840	1089
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	0	0	2.30	0	0	0
412 Navy Sup & Mat	0	0	26.30	0	0	0
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	162	0	1.60	3	-66	99
416 GSA Sup & Mat	123	0	2.10	3	-30	96
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	285	0		6	-96	195
502 Army Fund Equip	0	0	2.30	0	0	0
503 Navy Fund Equip	0	0	26.30	0	0	0
505 AF Fund Equip	0	0	19.30	0	0	0
506 DLA Fund Equip	0	0	1.60	0	0	0
507 GSA Fund Equip	34	0	2.10	1	-10	25
599 Total Fund Equip	34	0		1	-10	25
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Prnt Svc	0	0	-4.00	0	0	0

USUHS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
634 Nav Pub Wrks Ctr: Utilities	3322	0	-1.00	-33	-291	2998
635 Nav Pub Wrks Ctr: Pub Wrks	598	0	0.30	2	-88	512
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	580	0	-11.00	-64	-23	493
673 Def Finance & Acct Svc	912	0	-12.60	-115	219	1016
679 Cost Reimbursible Svc	112	0	2.10	2	1	115
699 Total Purchases	5524	0		-208	-182	5134
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	83	0	2.10	2	-20	65
799 Total Transportation	83	0		2	-20	65
9XX Civ Pay Reimburs Host	31795	0	2.85	906	-2596	30105
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	301	0	2.85	9	-67	243
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	233	0	2.10	5	-100	138
917 Postal Svcs	130	0	0.00	0	-35	95
920 Supplies & Mat	2699	0	2.10	57	-707	2049
921 Printing & Reproduct	102	0	2.10	2	-20	84

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Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
922 Equip Maint Contract	781	0	2.10	16	-398	399
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equip Purchases	344	0	2.10	7	-7	344
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	8860	0	2.10	186	-2046	7000
989 Other Contracts	17390	0	2.10	365	-13406	4349
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	62635	0		1553	-19382	44806
9999 TOTAL	70450	0		1394	-20530	51314

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
308 Travel of Persons	1089	0	2.10	23	-23	1089
399 Total Travel	1089	0		23	-23	1089
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	99	0	-1.00	-1	-51	47
416 GSA Sup & Mat	96	0	2.10	2	-60	38
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	195	0		1	-111	85
502 Army Fund Equip	0	0	2.20	0	0	0
503 Navy Fund Equip	0	0	-3.00	0	0	0
505 AF Fund Equip	0	0	0.00	0	0	0
506 DLA Fund Equip	0	0	-1.00	0	0	0
507 GSA Fund Equip	25	0	2.10	1	-10	16
599 Total Fund Equip	25	0		1	-10	16
602 Army Depot Cnd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	0	0	2.70	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE USUHS					
634 Nav Pub Wrks Ctr: Utilities	2998	0	-3.00	-90	2268
635 Nav Pub Wrks Ctr: Pub Wrks	512	0	0.20	1	-190
637 Naval Shipyards	0	0	-10.80	0	323
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0
671 Communications Svc	493	0	-12.30	-61	354
673 Def Finance & Acct Svc	1016	0	-0.10	-1	915
679 Cost Reimbursible Svc	115	0	2.10	2	95
699 Total Purchases	5134	0	-149	-1030	3955
701 MAC Cargo	0	0	5.00	0	0
702 MAC SAAM	0	0	-1.50	0	0
711 MSC Cargo	0	0	4.80	0	0
721 MTMC Port Handling	0	0	-1.20	0	0
725 MTMC Other	0	0	-0.30	0	0
771 Commercial Transportation	65	0	2.10	1	-21
799 Total Transportation	65	0	-21	1	45
9XX Civ Pay Reimburs Host	30105	0	2.20	662	21951
901 Foreign Nat Ind Hire	0	0	2.20	0	0
902 Separation Liability	243	0	2.20	5	-60
912 Rental Pay to GSA	0	0	0.00	0	0
913 Purchased Utilities	0	0	2.10	0	0
914 Purchased Communica	0	0	2.10	0	0
915 Rents non GSA	138	0	2.10	3	-100
917 Postal Svcs	95	0	0.00	0	-40
920 Supplies & Mat	2049	0	2.10	43	55
921 Printing & Reproduct	84	0	2.10	2	1149
					-40

USUHS

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Exhibit

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

LINE USUHS	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
922 Equip Maint Contract	399	0	2.10	8	-248	159
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equip Purchases	344	0	2.10	7	-193	158
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	7000	0	2.10	147	-4247	2900
989 Other Contracts	4349	0	2.10	91	-4109	331
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	44806	0		968	-18796	26978
9999 TOTAL	51314	0		845	-19991	32168

USUHS

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Exhibit OP-32

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Sub-activity Group: Base Operations Support

I. Description of Operations Financed: Base Operations (BASOPS) refers to the resources dedicated to the operation and maintenance of Defense Health Program (DHP) facilities. The DHP's BASOPS provides for facilities and services at military medical activities supporting active duty combat forces, reserve and guard components, training, military dependents, eligible retirees, and family members. The program consists of seven components:

Environmental - costs required to comply with environmental laws, regulations, criteria, and standards. This applies to manpower, training, travel, and supplies.

Minor Construction - all construction costs less than the statutory maximum amount for minor military construction projects as established by section 2805 of Title 10 U.S.C. in support of medical centers and other installations with a primary mission of health care.

Maintenance and Repair - costs required to execute maintenance and repair of utilities, buildings, other facilities, pavements, land, and grounds. This includes, but is not limited to, such things as repair of electrical circuitry, heating and air conditioning, water piping, and routine maintenance work such as caulking, painting, etc. in medical centers and other installations with a primary mission of health care.

Visual Information Systems - costs required to provide manpower, travel, contractual service, procurement of supplies and materials, expense equipment, necessary facilities and the associated costs specifically identifiable to visual information productions, services, and support.

Base Communications - costs required to provide base communication resources to DHP medical activities. This includes non-tactical, non-DCS base communications facilities and equipment systems that provide local communications worldwide to installations and activities.

Base Operation Support - costs required to provide comptroller services, ADP services, information activities, legal activities, civilian personnel administration, military personnel administration, installation safety, management analysis/engineering services, retail supply operations, supply activities, procurement operations, storage activities, transportation activities, physical security and police activities, laundry and dry cleaning, food services, and morale, welfare and recreation activities.

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Real Property Services - Two new program elements were established in FY 1995 for CONUS and OCONUS costs. In previous periods, the costs were included within Base Operation Support program elements. As now defined, costs include purchased utilities, air conditioning and refrigeration, utility fuels, fire protection, crash rescue, snow and ice removal, entomological services, elevator maintenance/inspections, custodial services, refuse collection and disposal, sewer and waste systems, rental of real property, facility engineering and public works management, other installation engineering services and other annual service requirements performed in-house or by contract.

II. Force Structure Summary:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Hospitals/Medical Centers	115	107	98	98	98	98	98
Medical Clinics	471	480	489	489	489	489	489

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates**
Operation and Maintenance

III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group: Base Operations Support

	FY 1997			FY 1998		
	FY 1996	Budget Request	Appropriated	Current Estimate	FY 1999	Budget Request
Environmental Compliance	28,520	23,246	26,553	26,553	32,676	38,613
Minor Construction	59,825	39,620	42,111	42,111	40,333	43,374
Maintenance and Repair	378,636	292,742	345,785	345,785	344,413	359,712
Visual Information Systems	8,599	9,605	8,174	8,174	8,234	8,341
Base Communications	45,472	46,206	48,039	48,039	48,964	54,601
Base Operations Support	285,972	311,110	304,268	304,268	310,092	323,079
Real Property Services	202,598	200,680	238,916	238,916	247,235	262,330
Total	1,009,622	923,209	1,013,846	1,013,846	1,031,947	1,090,050

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change</u>	<u>Change</u>	<u>Change</u>
	<u>FY 1997 / FY 1997</u>	<u>FY 1997 / FY 1998</u>	<u>FY 1998 / FY 1999</u>
Baseline Funding			
Congressional Adjustments	923,209	1,013,846	1,031,947
Supplemental Request	+90,637	0	0
Price Change	0	0	0
Functional Transfer	0	+10,047	+16,816
Program Changes	0	0	0
Current Estimate	1,013,846	1,031,947	1,090,050

C. OP-32 Line Item: See Exhibit Op-32

D. Reconciliation: Increases and Decreases

1. FY 1997 Budget Request \$923,209
2. Congressional Adjustments \$90,637
3. FY 1997 Appropriated \$1,013,846
4. FY 1997 Current Estimate \$1,013,846

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

5. Price Growth	\$10,047
6. Program Increases	\$23,206
a. Environmental Compliance	+\$9,281
Provides resources for environmental compliance, conservation, and pollution prevention projects necessary to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, and the Resource Conservation and Recovery Act.	
b. Real Property Maintenance	+\$12,295
Reflects increasing plant replacement value that drives the level of our real property maintenance program. Increase is necessary to maintain RPM fund at 3% (for hospitals lesser for other activities).	
c. Combating Terrorism	+\$1,630
Provides resources to support acquisition of additional physical security equipment, site improvements, and enhanced security forces and technicians to counter increased threat of terrorist attack.	
7. Program Decreases	-\$15,152
a. Base Realignment and Closure	-\$7,152

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Reflects anticipated personnel and infrastructure reductions as a result of cessation of inpatient and outpatient care and the closure of several DHP facilities.

- b. Real Property Maintenance (RPM)
 - Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, and Pensacola.
 - 8. FY 1998 Current Estimate \$1,031,947
 - 9. Price Growth \$16,816
 - 10. Program Increase \$53,995
- a. Real Property Maintenance
 - Reflects increasing plant replacement value that drives the level of our real property maintenance program. Increase is necessary to maintain RPM fund at 3% (for hospitals lesser for other activities).
- b. Environmental Compliance
 - + \$9,003
- c. Base Communications
 - Provides resources for environmental compliance, conservation, and pollution prevention projects necessary to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, and the Resource Conservation and Recovery Act.
 - +\$8,670

Defense Health Program Appropriation FY 1998/FY 1999 Biennial Budget Estimates Operation and Maintenance

Reflects costs necessary to accommodate the proliferation of information management technologies including CHCS, Telemedicine, and ADS.

- | | | |
|---|---------------------------------|-------------|
| d. | Real Property Services | +\$15,700 |
| Reflects programmatic adjustment necessary to address critical Real Property Services shortfall. | | |
| e. | Combating Terrorism | +\$930 |
| Provides resources to support acquisition of additional physical security equipment, site improvements, and enhanced security forces and technicians to counter increased threat of terrorist attack. | | |
| 11. | Program Decreases | -\$12,708 |
| a. Base Realignment and Closure | | |
| Reflects anticipated personnel and infrastructure reductions as a result of cessation of inpatient and outpatient care and the closure of several DHP facilities. | | |
| b. | Real Property Maintenance (RPM) | -\$9,400 |
| Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, and Pensacola. | | |
| 12. | FY 1999 Current Estimate | \$1,090,050 |

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

<u>Active Military End Strength</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 1997/1998</u>	<u>FY 1998/1999</u>
Officer	757	751	729	725	-22	-4
Enlisted	<u>2,194</u>	<u>2,180</u>	<u>2,143</u>	<u>2,145</u>	<u>-37</u>	<u>2</u>
Total Military End Strength	2,951	2,931	2,872	2,870	-59	-2
<u>Civilian End Strength</u>						
U.S. Direct Hire	3,315	3,127	2,951	2,810	-176	-141
Foreign National Direct Hire	<u>75</u>	<u>52</u>	<u>52</u>	<u>52</u>	<u>0</u>	<u>0</u>
Total Direct Hire	3,390	3,179	3,003	2,862	-176	-141
Foreign National Indirect Hire	<u>110</u>	<u>99</u>	<u>99</u>	<u>99</u>	<u>0</u>	<u>0</u>
Total Civilian End Strength	3,500	3,278	3,102	2,961	-176	-141
<u>Military Workyears</u>						
Officer	788	754	740	727	-14	-13
Enlisted	<u>2,319</u>	<u>2,187</u>	<u>2,162</u>	<u>2,144</u>	<u>-25</u>	<u>-18</u>
Total Military Workyears	3,107	2,941	2,902	2,871	-39	-31
<u>Civilian Workyears (Total)</u>						
U.S. Direct Hire	3,591	3,176	2,954	2,863	-222	-91
Foreign National Direct Hire	<u>54</u>	<u>58</u>	<u>58</u>	<u>58</u>	<u>0</u>	<u>0</u>
Total Direct Hire	3,645	3,234	3,012	2,921	-222	-91
Foreign National Indirect Hire	<u>103</u>	<u>109</u>	<u>109</u>	<u>109</u>	<u>0</u>	<u>0</u>
Total Civilian Workyears	3,748	3,343	3,121	3,030	-222	-91

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE BASEOPS&COMM					
308 Travel of Persons	6451	1	2.20	142	-977
399 Total Travel	6451	1		142	-977
401 DFSC Fuel	4806	0	1.30	62	-1122
402 Service Fund Fuel	570	0	1.30	7	853
411 Army Sup & Mat	217	0	-6.00	-13	1430
412 Navy Sup & Mat	1314	0	8.60	113	220
414 AF Sup & Mat	0	0	-1.20	0	1605
415 DLA Sup & Mat	830	0	-2.10	-17	0
416 GSA Sup & Mat	1034	0	2.20	23	967
417 Local Proc Sup & Mat	5274	2	2.20	116	5813
499 Total Sup & Mat	14045	2		291	6737
					6180
					20518
502 Army Fund Equip	213	0	-6.00	-13	393
503 Navy Fund Equip	175	0	8.60	15	69
505 AF Fund Equip	357	0	-1.20	-4	-121
506 DLA Fund Equip	53	0	-2.10	-1	-304
507 GSA Fund Equip	989	0	2.20	22	57
599 Total Fund Equip	1787	0		19	-654
					-629
602 Army Depot Cmd Maint	8	0	6.90	1	357
611 Naval Surface War Ctr	222	0	-2.50	-6	15
615 Data Automat Ctr Navy	0	0	-7.30	0	-69
620 Fleet Aux Ships Navy	0	0	2.20	0	0
630 Naval Rsch Lab	1	0	5.30	0	0
631 Naval Civil Engnr Ctr	6852	0	-6.50	-45	7
633 Naval Pub & Pmt Svc	2143	0	9.40	201	2819
					-3588
					117

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE BASEOPS&COMM						
634 Nav Pub Wrks Ctr: Utilities	22480		0	-0.30	-67	19390
635 Nav Pub Wrks Ctr: Pub Wrks	75510		0	2.10	1586	64416
637 Naval Shipyards	0		0	14.50	0	1
653 Airlift Svcs Trng & Ops	0		0	29.40	0	0
671 Communications Svc	5666		0	-4.30	-244	9768
673 Def Finance & Acct Svc	42241		0	11.40	4815	71881
679 Cost Reimbursible Svc	471		0	2.20	10	489
699 Total Purchases	155594		0		5851	9949
						171394
701 MAC Cargo		8	0	3.00	0	-8
702 MAC SAAM		0	0	-0.50	0	0
711 MSC Cargo		0	0	11.20	0	0
721 MTMC Port Handling		0	0	-6.80	0	0
725 MTMC Other		0	0	7.80	0	19
771 Commercial Transportation	3149		5	2.20	69	0
799 Total Transportation	3157		5		69	0
					-1418	1805
					-1407	1824
9XX Civ Pay Reimburs Host	149249		243	3.00	4485	-17986
901 Foreign Nat Ind Hire	3261		0	3.00	98	135991
902 Separation Liability	2129		0	3.00	64	3981
912 Rental Pay to GSA	3655		0	2.20	80	1299
913 Purchased Utilities	74903		80	2.20	1650	4213
914 Purchased Communica	28229		106	2.20	623	80744
915 Rents non GSA	3234		4	2.20	71	22992
917 Postal Svcs	1727		0	2.50	43	-1187
920 Supplies & Mat	17623		5	2.20	388	2122
921 Printing & Reproduct	1242		0	2.20	27	1590
					50	-3569
						14447
						1319

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

<u>FY1996 Program</u>	<u>Foreign Currency Adjust</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>FY1997 Program Growth</u>
LINE BASEOPS&COMM				
922 Equip Maint Contract	5381	3	2.20	118
923 Facility Maint Contract	150061	240	2.20	3307
925 Equip Purchases	16492	5	2.20	363
926 Overseas Purchases	731	2	2.20	16
930 Other Depot Maint	117	0	2.20	3
931 Contract Consultants	0	0	2.20	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0
933 Studies Analysis Eval	0	0	2.20	0
934 Engineering Tech Svc	0	0	2.20	0
937 Fuel	521	5	2.20	12
988 Grants	0	0	2.20	0
989 Other Contracts	366967	372	2.20	8081
998 Other Costs*	3066	0	2.20	67
999 Total Purchases	828588	1065		19496
9999 TOTAL	1009622	1073		25868
				-22717
				1013846

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE BASE OPS & COMM	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
308 Travel of Persons	5617	0	2.10	118	51	5786
399 Total Travel	5617	0		118	51	5786
401 DFSC Fuel	3746	0	19.70	738	-366	4118
402 Service Fund Fuel	1430	0	19.70	282	-41	1671
411 Army Sup & Mat	220	0	2.30	5	-19	206
412 Navy Sup & Mat	1605	0	26.30	422	-71	1956
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	967	0	1.60	15	-34	948
416 GSA Sup & Mat	5813	0	2.10	122	20	5955
417 Local Proc Sup & Mat	6737	0	2.10	141	33	6911
499 Total Sup & Mat	20518	0		1725	-478	21765
502 Army Fund Equip	593	0	2.30	14	-50	557
503 Navy Fund Equip	69	0	26.30	18	9	96
505 AF Fund Equip	49	0	19.30	9	-10	48
506 DLA Fund Equip	109	0	1.60	2	-4	107
507 GSA Fund Equip	357	0	2.10	7	2	366
599 Total Fund Equip	1177	0		50	-53	1174
602 Army Depot Cmd Maint	15	0	4.00	1	0	16
611 Naval Surface War Ctr	147	0	12.20	18	-10	155
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	7	0	-2.00	0	1	8
631 Naval Civil Engr Ctr	2819	0	2.10	59	-115	2763
633 Naval Pub & Prnt Svc	2461	0	-4.00	-98	332	2695

Base Ops & Comm

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE BASEOPS&COMM								
634 Nav Pub Wrks Ctr: Utilities	19390	0	-1.00	-194	4544	23740	23740	
635 Nav Pub Wrks Ctr: Pub Wrks	64416	0	0.30	193	1131	65740	65740	
637 Naval Shipyards	1	0	19.60	0	1	2	2	
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0	0	
671 Communications Svc	9768	0	-11.00	-1074	459	9153	9153	
673 Def Finance & Acct Svc	71881	0	-12.60	-9057	14246	77070	77070	
679 Cost Reimbursible Svc	489	0	2.10	10	3	502	502	
699 Total Purchases	171394	0	-10142	20592	181844	181844	181844	
701 MAC Cargo	0	0	5.00	0	0	0	0	
702 MAC SAAM	0	0	17.80	0	0	0	0	
711 MSC Cargo	0	0	9.30	0	0	0	0	
721 MTMC Port Handling	19	0	5.70	1	-2	18	18	
725 MTMC Other	0	0	-7.90	0	0	0	0	
771 Commercial Transportation	1805	0	2.10	38	3	1846	1846	
799 Total Transportation	1824	0	39	1	1864	1864	1864	
9XX Civ Pay Reimburs Host	135991	101	2.85	3879	-10179	129792	129792	
901 Foreign Nat Ind Hire	3981	0	2.85	113	-11	4083	4083	
902 Separation Liability	1299	0	2.85	37	-282	1054	1054	
912 Rental Pay to GSA	4213	0	0.00	0	97	4310	4310	
913 Purchased Utilities	80744	23	2.10	1696	682	83145	83145	
914 Purchased Communica	22992	41	2.10	484	431	23948	23948	
915 Rents non GSA	2122	2	2.10	45	152	2321	2321	
917 Postal Svcs	1590	0	0.00	0	0	1590	1590	
920 Supplies & Mat	14447	13	2.10	304	468	15232	15232	
921 Printing & Reproduct	1319	0	2.10	28	7	1354	1354	

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Price Growth Program Growth	FY1998 Program
LINE BASEOPS&COMM						
922 Equipt Maint Contract	4152	0	2.10	87	205	4444
923 Facility Maint Contract	137662	24	2.10	2891	20476	161053
925 Equipt Purchases	6314	2	2.10	133	1632	8081
926 Overseas Purchases	1157	0	2.10	24	3	1184
930 Other Depot Maint	300	0	2.10	6	-102	204
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	753	0	2.10	16	88	857
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	371738	28	2.10	7807	-25710	353863
998 Other Costs*	22542	0	2.10	473	-16	22999
999 Total Purchases	813316	234		18023	-12059	819514
9999 TOTAL	1013846	234		9813	8054	1031947

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE BASE OPS & COMM					
308 Travel of Persons	5786	0	2.10	122	-115
399 Total Travel	5786	0		122	-115
401 DFSC Fuel	4118	0	-4.40	-181	364
402 Service Fund Fuel	1671	0	-4.40	-74	203
411 Army Sup & Mat	206	0	2.20	5	-18
412 Navy Sup & Mat	1956	0	-3.00	-59	193
414 AF Sup & Mat	0	0	0.00	0	0
415 DLA Sup & Mat	948	0	-1.00	-9	929
416 GSA Sup & Mat	5955	0	2.10	125	7
417 Local Proc Sup & Mat	6911	0	2.10	145	20
499 Total Sup & Mat	21765	0	-48	842	22559
502 Army Fund Eqipt	557	0	2.20	12	-45
503 Navy Fund Eqipt	96	0	-3.00	-3	11
505 AF Fund Eqipt	48	0	0.00	0	-1
506 DLA Fund Eqipt	107	0	-1.00	-1	-1
507 GSA Fund Eqipt	366	0	2.10	8	0
599 Total Fund Eqipt	1174	0		16	-36
602 Army Depot Cmd Maint	16	0	0.50	0	1
611 Naval Surface War Ctr	155	0	-0.70	-1	-11
615 Data Automat Ctr Navy	0	0	2.60	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0
630 Naval Rsch Lab	8	0	12.10	1	0
631 Naval Civil Engnr Ctr	2763	0	2.70	75	9
633 Naval Pub & Prnt Svc	2695	0	2.70	73	2499
				180	2948

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	Price Growth Program
LINe BASE OPS&COMM						
634 Nav Pub Wkrs Ctr: Utilities	23740	0	-3.00	-712	1250	24278
635 Nav Pub Wkrs Ctr: Pub Wkrs	65740	0	0.20	131	5555	71426
637 Naval Shipyards	2	0	-10.80	0	0	2
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	9153	0	-12.30	-1126	549	8576
673 Def Finance & Acct Svc	77070	0	-0.10	-77	5753	82746
679 Cost Reimbursible Svc	502	0	2.10	11	0	513
699 Total Purchases	181844	0		-1625	12938	193157
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	18	0	-1.20	0	-1	17
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	1846	0	2.10	39	1	1886
799 Total Transportation	1864	0		39	0	1903
9XX Civ Pay Reimburs Host	129792	256	2.20	2861	-4632	128277
901 Foreign Nat Ind Hire	4083	0	2.20	90	-6	4167
902 Separation Liability	1054	0	2.20	23	35	1112
912 Rental Pay to GSA	4310	0	0.00	0	95	4405
913 Purchased Utilities	83145	0	2.10	1746	886	85777
914 Purchased Communica	23948	51	2.10	504	472	24975
915 Rents non GSA	2321	72	2.10	50	-71	2372
917 Postal Svcs	1590	3	0.00	0	-3	1590
920 Supplies & Mat	15232	0	2.10	320	219	15771
921 Printing & Reproduct	1354	0	2.10	28	2	1384

Base Ops & Comm

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Exhibit OP-32

**Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)**

FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE BASEOPS&COMM					
922 Equip Maint Contract	4444	0	2.10	93	5
923 Facility Maint Contract	161053	95	2.10	3384	2285
925 Equip Purchases	8081	12	2.10	170	103
926 Overseas Purchases	1184	0	2.10	25	6
930 Other Depot Maint	204	0	2.10	4	2
931 Contract Consultants	0	0	2.10	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0
933 Studies Analysis Eval	0	0	2.10	0	0
934 Engineering Tech Svc	0	0	2.10	0	0
937 Fuel	857	0	2.10	18	39
988 Grants	0	0	2.10	0	0
989 Other Contracts	353863	581	2.10	7443	28198
998 Other Costs*	22999	0	2.10	483	23
999 Total Purchases	819514	1070		17242	27658
9999 TOTAL	1031947	1070		15746	41287
					1090050